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SLASH ASSEMBLY COSTS with VAUGHAN
Automatic Assembly
Machines
VAUGHAN LONDON
NOTTINGHAM
SHREWSBURY
SPECIALISTS IN ASSEMBLY, INSPECTION, INSPECTION SUPPORT EQUIPMENT

NEWS SUMMARY

GENERAL

BUSINESS

Soviet
air
apparent
ies
Equities
up 4.9;
Gilt
improve

• EQUITIES moved forward
after a slow start and the FT

Fyodor Kulakov, a member of the Kremlin Politburo, died today. He had been widely seen as a successor to the late President, Mr. Leonid Brezhnev. His death creates the first vacuum since 1977 in the Kremlin. Nikolai Podgorny, the new President, was removed. Further complications are likely to arise, who will eventually succeed him. Soviet news agency Tass said he died suddenly of a heart attack. The funeral for Mr. Brezhnev, aged 80, will be held at Red Square, an honour reserved only to the Soviet Union's most prominent figures.

middle East
Iks resume

The East peace talks resume at Leeds Castle, Kent, with Britain and Israel still sharply divided. The Israeli Foreign Minister, Mr. Moshe Dayan, has ordered not to discuss the latest proposals with his British counterpart, Mohammed Shaham. The airport was under heavy guard for the arrival of foreign ministers and Mr. Denis Vane, U.S. Secretary of State. Army marksmen overawed the arrival area and access was guarded by tanks and armored cars. Page 6

Utah accuses

that the main Palestinian guerrilla group has accused Iran using diplomatic bases, Iraq, and embassies abroad to arms to terrorists to assassinate Arab and Palestinian leaders. Page 3

Mexican tanker
blast: 15 dead

• death toll from the Mexican tanker explosion has risen to 15. More than 150 people were injured. At least 10 other vehicles, including five buses, were hit into the tanker, and 1000 yards within a six-mile radius were damaged.

The death toll from last week's Turkish holiday camp disaster also caused by a tanker explosion—has now reached 150. Britain, a Tory MP, Mr. Frank McNair-Wilson, called special routes for road users carrying dangerous materials. Page 5

AU discord

agreements at the Organisation of African Unity's council of ministers has heightened fears that the split between "progressives" and "moderates" will lead to the OAU summit starting today. Page 3

reform plans

our Home Policy Committee approved recommendations for reorganisation of the Civil Service. However, it has not yet done any recommendations on the National Front activity in ending the "patriot" status available to some Commonwealth citizens. Page 3

riest flees

• Rev. Theo Kotze, former Western Cape director of the Christian Institute, has fled South Africa and is believed to be in Botswana.

briefly . . .

• Greek Cypriot chief negotiator in peace talks with Turkish Cypriots, Mr. Tassos Vassilopoulos, was dismissed for being accused by President of "blind ambition and tragic mistakes." Page 2

• a million Britons are failing to claim supplementary benefits worth a total of around 100m, says the Supplementary Benefits Commission. Page 22

• 15 people were killed in a bus plunged into the Nile in a Cairo bridge.

• strikes at UK airports, caused by the control disputes on the continent, eased but many passengers were still held up for several hours. Page 6

chief price changes yesterday

Prices in pence unless otherwise indicated

RISERS

cheq. 8pm 1978 1
cheq. 11pm 1978 1
relays Bank 1
imports 1
imports 1
11 1
dents 1
general Accident 1
London and Gotech 1
SN 1
worker Sideley 1
Hards 1
Trust Chern 1
Cooper 1
Ackmann (Scotland) 1
FALLS

• EQUITIES moved forward
after a slow start and the FT

Ordinary share index closed 4.9
higher at 479.3, its best closing
level for more than two months.

• GILTS made gradual pro-
gress, and longs closed with
of 1. The Government
Securities index rose 0.24 to
70.50.

• DOLLAR was given a slight
boost by initial reaction to the
Bonn Summit. Its trade-
weighted depreciation narrowed to
7.5 per cent (7.7). STERLING
lost 25 points against the dollar
to \$1.8800 and its trade-weighted
index closed at 62.1 (62.0).

• GOLD lost \$11 to \$184.1 in
London, and in New York the
Comex July settlement price
fell \$1.70 to \$184.30.

• WALL STREET closed 0.78
down at \$39.65.

• U.S. TREASURY bill rates
were: threes, 7.113 per cent
(7.188) and sixes, 7.407 per cent
(7.515).

• HEARING today of Burmese
Oil's application for a court
order compelling the Bank of
England to disclose 60 documents
in connection with its £500m
action against the Bank concern-
ing its former shareholding in
BP has been postponed. No new
date has yet been set.

• BSC and the National Enter-
prise Board are holding talks to
separate the loss-making Redpath
Dorman Long division from the
parent corporation and possibly
to allow private sector of industry
to take a share in RDL. Page 5

• LEYLAND VEHICLES manag-
ing director, Mr. Des Pitcher,
has resigned after only 18
months, following speculation
about a shake-up at the truck and
bus manufacturing subsidiary of
British Leyland. BL chairman,
Mr. Michael Edwards, has said
he was not satisfied with Leyland
Vehicles' productivity record.

• RAILSALES continued to
advance last month and are now
approaching the peak levels of
1973 and 1974, according to pro-
visional Department of Trade
figures. The retail sales increase
over the first half of 1978 is
matched by a similar gain in
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approaching the peak levels of
1973 and 1974, according to pro-
visional Department of Trade

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over the first half of 1978 is
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industrial output. Back Page

• PRICE COMMISSION chair-
man has urged the merger of the
Monopolies Commission with the
Price Commission. Page 3

• CEGEPLAN plans to place orders
worth about \$275m in the next
few months for the Drax B coal-
fired power station, due to be
completed in 1986. Page 6

• ABBEY NATIONAL Building
Society has said that current
difficulties in attracting funds
should not lead to an immediate
cut-back in mortgages by building
Societies. Page 3. Abbey assets
rose during the first half of 1978
by 8.3 per cent to £5.86bn, with
receipts reaching a record
£1.37bn. Withdrawals £941m and
advances £710m (£435m). Page 24

• MONTAGUE L. MEYER
second half profits fell from
£6.85m to £6.45m leaving the
pre-tax figure for the year to March
31 at £12.85m (£12.29m). Page 24 and Lex

• COMPANIES

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EUROPEAN NEWS

Unions accept restructure of Spanish shipbuilding

BY OUR OWN CORRESPONDENT

AFTER MORE than two months off, involving 7,000 of the sector's crisis earlier this year, of negotiation Government industry's 30,000 workers, serious riots broke out and the Management and Unions have Workers will be temporarily laid off, police opened fire on workers, reached agreement on a plan to restructure the shipbuilding industry, the most depressed industry, the most depressed industrial sector in Spain.

The agreement is based on a plan first drawn up by the Ministry of Industry last May and recently considered by the Spanish Cabinet. It envisages a reduction in the industry's present activity by 50 per cent over the next five years, and the provision of 12,000 jobs. Of this 10,000 will be in the form of capital increase in the three main yards, Bazan (Pta 1.5bn), Asturias (Pta 3.5bn) and Astilleros Espanoles (Pta 7bn), and some 2,000 in the form of credits provided mainly by the Government.

Because of the depressed state of world shipbuilding, the three yards, which between them account for 85 per cent of the sector's total capacity in Spain, are estimated to be well above realistic capacity. Their present work-load is 900,000 gross tons against capacity of 1.9m gross tons. Losses so far this year are believed to be in the region of Pta 5bn.

Reduction in activity will be achieved through the introduction of a system of rotary lay-

MADRID, July 17.

ers which will receive unemployment benefit. The agreement has avoided resorting to mass redundancies as first demanded by management. This was described today by Sr. Agustin Sahagun, Minister for Industry, as a sign that the Government could govern in the industrial sector.

The agreement represents a vital concession to those Government circles and union leaders, who have argued that a drastic reduction in the labour force would be politically and socially dangerous. The Government, which controls 100 per cent of the industry's description of the agreement as extremely positive by the Communist-dominated Workers' Commissions and the Socialist unions, UGT and UFO augurs well for the Government.

How to deal with the crisis in shipbuilding has long been accepted as one of the most important industrial decisions facing Sr. Adolfo Suarez, the Prime Minister. Observers were commenting today that the agreement is a breakthrough in industrial relations.

Against this background

the crude figures —

the Government no longer gives

substantial agreement on the

industry by the end of the month.

Even with the incentives to

take on labour, which are, in

fact, watered down from those

introduced a year ago, the

Government is reconciled to a

steady rise in unemployment

over the coming months.

The Minister of Employment,

M. Robert Boulin, has admitted

expecting a peak of around

1.2m.

Certainly, there is considerable

job loss still to come from

"lame duck" industries. In

the past week alone, there have

been 3,000 notified redundancies, including 1,200 at the La Ciotat shipbuilding group. A further loss of jobs in steel and textiles is probable even without the contribution from the Bouscasse group, which may be heavy when the final restructuring plan is worked out.

To facilitate the restructuring,

the personal interests of

M. Marcel Bouscasse have been

brought under judicial control to

join the group's textile

concerns.

The general construction

index for May, seasonally adjusted, was down to 127 from 131 in April. The Ministry of Economic Affairs attributes the drop to lower energy production and some falling off in the consumer goods sector, noting also that May Day and Ascension Day fell in the same week and that some companies stretched their holidays over the two festivals.

Both the Spanish Government

and the Vatican have agreed in principle to replace the Concordat by the end of this month.

Both have so far failed to agree as to what should take its place. The Spanish bishops, while accepting the constitutional guarantee that religious education should no longer be obligatory, fear that in future the possibility of creating religious schools may be restricted. Article 25 of the present constitution under debate, while stipulating the right of "individuals and legal persons" to set up new educational establishments, does not specifically include the Church.

The Bishops maintain that neutrality of the Church does not mean turning a blind eye to the social changes taking place around them. The Church remains "active" in the sense

BY JIMMY BURNS IN MADRID

SPAIN'S Catholic Church has adapted remarkably well to the traditionalist ideas back to Monsignor Lefebvre, some sectors of the extreme Left tend to use as their spokesman, worker priests who openly condemn the "capitalist" Vatican. And look to the day when Christians and the Spanish Church can together lead the violent overthrow of bourgeois society.

Despite this opposition, the bishops maintain that neutrality does not mean turning a blind eye to the social changes taking place around them. The Church remains "active" in the sense

The Bishops maintain that neutrality of the Church does not mean turning a blind eye to the social changes taking place around them.

Even in the last years of Franco, the Spanish bishops continued to play a prominent part in political life—though by that stage less as a part of the regime than as an uncomfortable

opponent in their resolute defence of human rights. With the advent of democracy, however, the neutrality has meant that the bishops have increasingly watered down their "political" statements, leaving it up to the politicians to get on with the job.

This neutrality found practical expression on the eve of the 1977 general election here, when a statement from the Spanish Episcopal Conference confirmed the right of any Catholic in Spain to vote for the political party of his choice, without interference from the bishops. This neutral stance has been widely accepted as one of the main causes behind the poor showing made in the elections by the Christian Democratic Party, which failed to get even one deputy elected.

One year after the elections, however, it is clear that not everyone within the Church's ranks agrees with the bishops' preference for political withdrawal. While on the extreme right, Sr. Blas Pinar, head of the Fuerza Nueva, invokes all levels was made obligatory, to use as their spokesman worker

that it has not surrendered its "moral" authority within Spanish society.

In this sense the bishops broke their silence earlier this year when the first draft of the Constitution omitted any mention whatsoever of the Catholic Church. In the bishops' view, such an omission simply neglected the reality of the Catholic Church's existence in Spain. The bishops won their battle and Article 15 of the latest draft of the Constitution now includes the guarantee that the administration "will take into account the religious beliefs of Spanish society and maintain the consequent co-operation with the Catholic Church and with other denominations."

If the article as it now stands is vague and open to a number of interpretations, it is because a clearer definition still depends on the amendment of the Constitution. This agreement signed between General Franco and the Vatican in 1953 gave considerable advantages to the Spanish Church: Catholicism was recognised as the official religion in Right. Sr. Blas Pinar, head Sozial: religious instruction at all levels was made obligatory, and censorship was put in the event of a referendum.

Clearly there is as yet some way to go before the Spanish Church defines its role more completely in the country's new democracy. There remain issues such as divorce and abortion which have not yet been clearly defined in the constitution and which still await public debate.

For the bishops there remain "moral" issues. Yet it is far from clear how their "active" neutrality would express itself

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AMERICAN NEWS

Links by BNOC with Venezuela, Mexico

By Hugh O'Shaughnessy
STRONGER LINKS between the British National Oil Corporation and the state oil companies of Venezuela and Mexico are expected as a result of the visit to those two countries of Lord Kearton, the BNOC chairman, which ends this week.

BNOC and Petróleos de Venezuela, the state oil concern, are to exchange geological, planning and marketing staff over the next few months according to a statement in Caracas by Lord Kearton, quoted by AP-DJ. He remarked that, while Venezuela had valuable experience in secondary recovery methods, Britain could help Petroven in its off-shore drilling programme, due to start next month.

British builders are hoping for orders from Venezuela for drilling platforms which would be built either in Britain or as joint ventures in Venezuela.

During his stay in Mexico, Lord Kearton is expected to follow up suggestions about closer associations between the British and Mexican oil industries which were made last week when Sr Santiago Roel, the Mexican foreign minister, visited London.

The British corporation might provide expertise for the international marketing of Venezuelan oil. Any British co-operation with the Mexicans would have to take into account a certain Venezuelan reserve about the increasingly important role of Mexico as an oil exporter which has not joined the Organisation of Petroleum-Exporting Countries, and the Venezuelan desire that Mexican oil sales should not weaken any OPEC strategy.

Effort to adjust Belize border and end dispute

By Hugh O'Shaughnessy

A NEW attempt at a settlement of the century-old border dispute between Guatemala and Belize, formerly British Honduras, is being attempted on the basis of an adjustment of the southern boundary of the colony, which is now delineated by the course of the Sarstoon River.

According to plans tabled at the meeting of Latin American heads of state with President Jimmy Carter for the signature last month of the U.S.-Panamanian treaty on the future of the Panama Canal, straight lines would take the place of the meanderings of the Sarstoon River as the frontier between Belize and Guatemala. The latter would also be guaranteed unimpeded access to the Caribbean from its ports of Puerto Barrios and Santo Tomás de Castilla.

A formal negotiating session is being arranged to include Britain, Guatemala and Belize.

U.S.-CHINA RELATIONS

Long march to recognition

BY DAVID BUCHAN IN WASHINGTON

WITH U.S.-Soviet relations now nearly as chilly as those between China and the Soviet Union, the third side of the big power triangle is coming sharply back into focus. The Carter Administration appears to consider it high time to speed up the long march towards diplomatic relations with Peking, responding in part to the stated desire of the Chinese to open up the back of Western trade and technology.

Despite the lull in U.S.-Chinese trade since the \$1bn peak volume recorded in 1974, Mrs. Juanita Kreps, U.S. Commerce Secretary, has forecast that this year, with China returning to the market for U.S. grain, bilateral trade should double to \$700m against \$390m in 1977. A recent gesture that would help fulfil this forecast has been U.S. Government permission for the sale to China of infrascan scanners, which have a potential military use.

Two months ago, Mr. Zbigniew Brzezinski, Carter's national security adviser, had a notable success in Peking when he told his Chinese hosts that "our shared interests outweigh our differences". Mr. Brzezinski's visit also paved the way for another this month of 13 senior U.S. Government officials, led by Dr. Frank Press, the White House scientific adviser. Visits by private U.S. scientists and industrialists to China have proliferated since the historic Nixon-Mao meeting six years ago. But this month's visit was the first time senior U.S. officials have met their Chinese counterparts in energy, agriculture, mining, health, oceanography, science and technology. A top official from the National Aeronautics and Space Administration (NASA), for instance, was the first foreigner to visit China's satellite launching station.

Dr. Press said on his return that both Peking and the Carter Administration saw the trip—and what is hoped will follow in terms of exchange of scientific data and scientists and in increased trade—as giving fresh political momentum towards the normalisation of relations. The U.S. he said, could learn much from the Chinese in such areas as epidemiology and agricultural pest control, while U.S. industry could hope for more contracts in, for instance, steel and oil. The U.S. steel industry is sending a delegation to China at the end of this month.

Administration officials feel they cannot count indefinitely on Chinese tolerance of the half-scanners for geological prospecting. They are worried that they may be provoked by Chinese to war. What is beyond dispute is that

Japan car makers hold U.S. market share as prices rise

BY JOHN WYLES

NEW YORK, July 17.

LEADING JAPANESE car importers into the U.S. are again raising prices because of the fall of the dollar against the yen. Their sales, however, are still remarkably robust, despite a string of price increases this year. At 1.045m import sales are barely 31,000 units less than last year.

Much was made recently of the 5 per cent drop in imported car sales in June, but this masked the fact that Japanese manufacturers, continually harassed by the dollar-yen instability, actually improved their share of the import car market last month. Import sales were nearly 10,000 more than last year, but the company cars that it had dropped only marginally from 6,114 to 6,061 per cent.

At 13,991 units Japanese sales in the six months are only 3.4 per cent lower than in the same period last year when imports as a whole reached peak levels.

By contrast, German importers, whose prices have been less volatile, are lagging seriously behind last year's performance.

The implication is that although import sales may have

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HOME NEWS

Trucks chief resigns from Leyland

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

R. DES PITCHER, the managing director of Leyland Vehicles, signed from the company yesterday after only 18 months in the job.

His departure follows a period of speculation about changes at the company—the truck and bus manufacturing subsidiary of BL (formerly British Leyland)—as it became clear that Mr. Michael Iwardes, the group chairman, was taking an increasingly close interest in its affairs.

Mr. Edwards made it clear at BL's recent annual meeting that he was not satisfied by the pro-activity record of Leyland vehicles, and that he was concerned about its loss of market share in the last few years.

The statement from BL yesterday said simply that Mr. Iwardes, who was recruited from Terry Rand, had expressed the wish when he joined the company to return eventually to the electronics industry, and this was what he was intending to do.

Mr. Pitcher's departure is expected to be followed by the appointment of another recruit from outside the company as managing director.

There were suggestions last week that Mr. Edwards had gone to the U.S. to find a radically different management system, organised on the decentralised lines which Mr. Edwards has supported at BL, any reporting to Mr. Edwards.

Joint monopolies prices body urged

BY ELLINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

MR. CHARLES WILLIAMS, Price Commission chairman, yesterday backed the idea of merging his organisation with the Monopolies and Mergers Commission, provided that the former's powers were retained.

In a speech that was unusually outspoken for the head of a government body, Mr. Williams suggested changes not only to that part of competition as policy which he administers, but also to that administered by the Office of Fair Trading.

The present method of making sectoral references to the Price Commission and the Monopolies Commission was not entirely satisfactory, he said.

He also criticised the National Economic Development Office's implication, for failing to face enough weight on the consumers' interest when considering the whole question of competition policy recently by the Price Commission.

Economic recovery 'could be reversed'

BY MICHAEL BLANDEN

THE UK ECONOMY has continued to recover quite sharply—but could go into reverse next year, according to the latest official indicators published yesterday.

The two short-term pointers to movements in the economy published by the Central Statistical Office—the indices of shorter-leading and coincident indicators—showed a further increase in May.

However, the index of longer-leading indicators, which have an average lead of 12 months at turning points of the economy, has shown a further fall.

The indices bring together a number of statistical pointers to the performance of the economy, and both the shorter figures have been rising for the past seven months.

The index of coincident indicators rose in May mainly as a result of an increase in retail sales, while the latest figures for some other components, the

index of manufacturing production and the measures of gross domestic product, have not altered the direction of movement. This index now stands at 7.2 per cent above last October's level.

Similarly, the composite index of shorter leading indicators, which have an average lead time of about six months, increased after a rise in the amount of new hire purchase credit extended which offset the fall in new car registrations. This index has risen by 8.9 per cent since October.

However, the longer leading indicators index, which has now been taken up to June, showed a further decline.

This was due to a slight decrease in the FT-Actuaries 500 index, and to a further rise in short-term interest rates (used in inverted form when compiling the index).

This index is now more than 11 points, or nearly 10 per cent, below the level of last October.

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This was due to a slight decrease in the FT-Actuaries 500 index, and to a further rise in short-term interest rates (used in inverted form when compiling the index).

This index is now more than 11 points, or nearly 10 per cent, below the level of last October.

The index of coincident indicators rose in May mainly as a result of an increase in retail sales, while the latest figures for some other components, the

index of manufacturing production and the measures of gross domestic product, have not altered the direction of movement. This index now stands at 7.2 per cent above last October's level.

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HOME NEWS

Orders for Drax B will total £275m

BY JOHN LLOYD

ORDERS TOTALLING about £275m will be placed in the next diary of Northern Engineering Industries, together with C. A. Parsons, part of the Rayrole the major part of the Drax B Parsons group.

Employment at Babcock and Wilcox will be completed in 1980.

The placing of the orders is yesterday that the company was slightly behind schedule, as the talks to a number of manufacturers had expected factors, including Clarke Chapman, about the sub-contract of this month. The Board said: "The work is the type which that this would not mean a delay could be done by any one of the manufacturers in the commissioning of the half a dozen manufacturers. We are at the stage of horse trading

The largest will be the boiler with a number of manufacturers contracts, worth around £150m on price, and there might be a which will be let to Babcock and Wilcox. However, there is some uncertainty about a substantial part of that contract customer (the Electricity Board) worth around £13m, for the provision of pipes and ducts for the Northern Engineering was formed last November by Clarke Chapman and Parsons to broaden

The sub-contract was to have their base and quieten fears that gone to Clarke Chapman, which they were individually insured last week announced its with sufficient strength to weather the withdrawal from talks to merge its inevitable adversities in the plant in Gateshead with that of power plant market. Babcock in Renfrew. Although Parsons had firmly

refused to merge its turbine generator interests with those of the General Electric Company a year ago, it was made clear that talks on a possible merger on the boiler-making side between Clarke Chapman and Babcock would continue.

These talks founded last week on pessimistic assumptions by the boilermaking companies on future orders from the electricity board and fears that in such a situation, Babcock—as the dominant force in any future merger—would transfer much or all of the available work to its Renfrew base, thus closing down Clarke Chapman.

If Babcock now does not give the Drax B contract to Clarke Chapman, it may find itself in a difficult position. It presently has work for only one more year, mainly on the Littlebrook power station.

Clarke Chapman said yesterday that it expected that it would receive the order.

Gateway drops trading stamps

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

GATEWAY FOODMARKETS, the which it took over from Sperry west country supermarket chain, and Hutchinson in 1975 for a is to drop trading stamps and nominal sum of £1. lower prices with the money. Over the past few months saved. Gateway, which was Gateway has been testing a taken over by Linwoods last year, count operation in four stores. was one of the retail chains it claims that in them it has which took on extra Green Shield been able to favourably compete franchises after Tesco dropped with Tesco on price. This stamps last summer. pricing policy will now be

But the company has now extended throughout the group, decided that "nobody is in" International Stores, biggest interested in stamps any more" of the three large groups to take and that lower prices are a more on additional Green Shield effective way of building sales franchises last summer, is to It estimates that stamps are convert more of its shops into costing about 3 per cent of turnover. Pricerite discount stores. over. Price cuts will be mainly At present, there are about 100 on packaged goods.

At present Gateway gives which gives stamps, and the stamps in 79 of its 92 branches plan is to increase this number. Most of these franchises are to 200 by the end of the year. Green Shield, but in six stores That will leave around 500 the company gives Pink Stamps, national branches giving stamps.

Call to improve existing homes

By Michael Cassell, Building Correspondent

A NEW approach to home improvement policy in the UK was called for yesterday by the National Home Improvement Council.

Mr. Ernest Cawte, deputy director, told a meeting of MPs at the Commons, organised by Shelter, that a dynamic policy was required to improve the quality of existing housing.

Realism rather than idealism must be the cornerstone of a future homes policy. The realism is that, in spite of the effort being made, continuing deterioration of housing stock is gaining on the programme of improvements.

Housing policy should ensure the right of every individual to conditions which were fit to live in and should maintain conditions throughout the total housing stock. The council was not convinced that either of these objectives would be achieved in the near future.

Small builders should be encouraged to take on improvement work by arranging the direct payment of grants and by a simplification of grant paper work.

Re-rating of improved property should be deferred for five years so that grant incentive was not cancelled by bigger rate bills.

Mr. Cawte added: "We are urging the Government to produce a total housing policy based on maintaining the best part of our existing housing stock. Time should be given in the next Parliamentary session to develop a home improvement policy with a new approach—a new dynamism."

New plan for running some GLC estates

THE Greater London Council is to consider the possibility of setting up independent authorities to run its housing estates in those London boroughs which refuse to accept transfer of council homes.

Mr. George Tremlett, leader of the Greater London housing policy committee, is to call for a report from officers on the possibility of seeking powers for what would be a unique scheme in housing administration.

Mr. Tremlett said: "Local landlords for local tenants makes sense. This is why the GLC is determined to get out of the housing management business and instead use its housing muscle and money to give help where it is most needed—in inner London."

Intex to spend £3.5m and cut 250 jobs

By Rhys David

INTEX YARNS, the biggest UK producer of textured polyester and nylon yarns, is to spend about £3.5m to modernise two plants in Greater Manchester but will reduce its total labour force by 250.

The company, part of ICI, is planning to concentrate manufacturing at its Radcliffe site in Bury, where new equipment will include 10 high-speed texturing machines designed and built by Ernest Sorrell.

Employment at Radcliffe will remain much the same, about 650, after the new equipment comes into use next spring. The job losses will be at Golborne, near Wigan, where around 540 people are now employed.

Intex, which supplies around 70 per cent of the dyed textured yarn used in the UK textile industry, will phase out older machinery at Golborne in the second half of 1979.

Another page from the same book, produced in about 1570, was sold for £26,000. Top price paid by the Felton Bequest Trust and the picture will go to Melbourne museum, Australia. The second page went to Colchaghi. The sale of Oriental manuscripts and miniatures produced £10,851.



Police and armed soldiers at London's Heathrow Airport yesterday as part of the strict security operations for the arrival of the Egyptian and Israeli Foreign Ministers for the talks at Leeds Castle, near Maidstone, Kent.

Castle in a lake is a modern bodyguard's dream

By MAURICE SAMUELSON

THICK stone walls, a natural moat and only one way in and out leads Castle, Kent, the modern bodyguard's dream. A 20-acre lake surrounded by fields and woodland, as much trickier terrain for a modern hit-and-run terrorist than the street outside.

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The council wants to see more imaginative use of grant aid, which must constitute a more realistic element in the total cost of improvement.

Local authorities and building societies should be given an incentive to provide the finance of any necessary loan improvement, possibly in the form of a loan guarantee.

But its security depends not only on its location and the six-foot thick battlements. As the participants arrived there, by helicopter yesterday, armed police manned gates and roads in the surrounding countryside.

Every gate at the castle and grounds, usually thronged with tourists in July, was manned by at least two policemen, one armed, and with vans or Land-Rovers.

More police with Alsatians group.

Curb likely on sale of stand-by tickets

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE British Airports Authority offices, it might impose a legal ban on the operation.

Over the past weekend, terminal three was congested with would-be cheaper-fare travellers, and many of the higher-fare passengers were impeded at check-in desks, while other facilities including restaurants at the terminal were swamped.

This is what the authority feared would happen originally when cheap stand-by tickets were introduced.

Air dispute eases but many flights delayed

DELAYS AT UK airports, stemming from industrial disputes affecting air traffic control services on some parts of the Continent, began to ease yesterday, but many passengers were still waiting for their flights several hours after scheduled departure times.

The dispute which caused most of the problem over the weekend stemmed from traffic control at Bordeaux air space control.

controllers at Bordeaux refusing to accept more than four flights an hour from UK airspace.

This compelled UK air traffic control services, run by the Civil Aviation Authority, to restrict the rate at which aircraft could leave the UK airports if bound for southern Spain or the western Mediterranean and requiring passage through

the reverse side of the same problem.

Sir Duncan Lock, chairman of the Association of District Councils, said yesterday.

Local councils "look enviously" at the emphasis given to inner city areas, whereas rural depopulation was simply the reverse side of the same problem.

Sir Duncan was outlining issues to be raised at tomorrow's council meeting of the association, which represents 333 local authorities in England and Wales.

The association has been invited to put recommendations to the Countryside Review Committee, set up to deal with rural depopulation, and which is expected to report to the Government by the end of the year.

The glass auction at Sotheby's produced £35,679. A Royal Potsdam goblet and cover with a portrait of Frederick I, made in about 1710, was sold for £30,000, and a slightly later

goblet from Potsdam/Zechlin realised £2,490.

A pair of book covers, each ruler at court, realised £700 yesterday in a sale devoted to Persian and Islamic works of art at Christie's.

Record retailer looking for buyer

By PAUL TAYLOR

HARLEQUIN, the record retailer, may be forced out of business by the boom in illegal home cassette recording and the high street record discount war.

Mr. Laurie Krieger, Harlequin managing director, said last night that he was "depressed" by the failure of the record companies to get to grips with the blank tape problem.

He said: "If someone comes up with a good offer for Harlequin I think I will accept it."

In the past 18 months Harlequin has closed 15 shops and now has 55 outlets in London and the South East with a turnover of between £5m and £6m a year.

Squeezed

Mr. Krieger said profit margins in the last two years had been squeezed falling from £400,000 to £150,000 last year with worse results expected this year.

The main cause for Harlequin's worsening financial position, said Mr. Krieger, was the blank tape boom. Last year more than 50m blank cassettes were bought and estimates of the loss revenue to the music industry range from £50m a year upwards.

Heavy discounting by multiples such as Woolworths, Smiths and Boots knocking up to £1 off the top selling albums, have forced the specialist shops like Harlequin to follow suit.

However, specialist shops carry heavy catalogues of back material and do not have sufficient sales to make discounting viable.

Coupled with the effects of recession and substantial increases in shop rentals Mr. Krieger who is also chairman of the Gramophone Record Retailers' Committee, believes the days of the specialist record stores in prime site locations could be numbered.

£300m benefits 'not claimed'

By PAUL TAYLOR

ABOUT 1m people in Britain are failing to claim the supplementary benefits they are entitled to, and together they are losing out to £300m a year.

A study published today by the Supplementary Benefits Commission shows that the "take-up" rate for benefits is about 75 per cent.

The commission is to launch a campaign aimed at increasing the take-up rate to 90 per cent and set up £200m a year into the pockets of about 800,000 people.

While some of the figures to emerge from the study, particularly those on one-parent families, are causing the commission concern, the results of the survey suggest the overall problem is less serious than was thought.

The study reaches three main conclusions:

- The real amount of unclaimed benefit in 1975 was nearer £200m than the £600m suggested but because of updating the figures are now probably closer to £300m.

- There are about 800,000 people failing to claim benefits to which they are entitled.

- Of those not claiming their benefit entitlement 250,000 either have an entitlement under £1 a week (mostly pensioners) or one which has lasted less than a month.

- About 600,000 pensioners and 130,000 unemployed people account for most of the unclaimed benefit.

Among the remainder are 40,000 one-parent families—11 per cent of the total number of one-parent families entitled to benefit—and the average amount of benefit they lost was £13.20 a week.

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Compromise on airports worker-director choice

BY PAULINE CLARK, LABOUR STAFF

BRITISH AIRPORTS Authority dealt with in this year's White Paper on industrial democracy to its main worker directors on to its main board after an agreement was reached yesterday between management and representatives of trade unions in the state-owned enterprise. But in a compromise formula which the Authority is expected to announce today, with its presentation of the annual report to its 5,000 employees, whether union members or not, will be allowed to vote on the union nominees.

The formula seems well in line with the kind of option put forward during the debate on the Bullock proposals by groups who were fearful of too much union control of industrial democracy structure. It was not, however, one of the main options

selected by the compromise formula are expected by the "universal suffrage" on union-nominated worker directors was accepted yesterday by 13 votes to four, with only two representatives from the union side from the Institution of Professional Civil Servants and the Civil and Public Services Association opposing the compromise.

The two dissenters are believed to have urged greater union control over the selection procedure.

The union side is happier about the compromise than was last January about the Authority's proposal of an experiment with two worker directors nominated and voted upon by the Authority meets the August dead-

line for state-owned enterprises a referendum of all staff.

Experimental job subsidy launched

BY OUR LABOUR EDITOR

THE GOVERNMENT yesterday announced an experimental small-scale job subsidy aimed at helping the long-term unemployed.

The Department of Employment said the scheme was simply to test-market an idea in areas offering varying degrees of unemployment.

They are Merseyside which, following a number of factory closures this year, has an unemployment level of 11.7 per cent; Tyneside, which is above average at 9.1 per cent; and Ceds, which is on the average of Britain of 5.9 per cent.

The announcement could be seen, however, as a prop to Labour's election prospects. Of the eight Liverpool parliamentary seats, two could be called marginal, and Newcastle North held by the Conservatives with a majority of only 489.

There are no marginals in Ceds, although it sends to Parliament Mr. Denis Healey, the Chancellor, and Sir Keith Joseph, the Conservatives' chief policy adviser.

From August 7 for nine months, employers in these areas will be able to apply for a subsidy of £20 a week for each worker they take on who has been on the local unemployment register for 12 months or longer.

The workers must be between 19 and 60 if they are men, and 19 to 59 if they are women. The subsidy will be paid for six months. About 6,000 unemployed are expected to benefit, at a cost of £5m.

The Department is awaiting formal consent from the EEC, which recently objected to the temporary employment subsidy.

Mr. Bill Kendall, staff side secretary-general, said yesterday: "The claim is soundly based on the criteria recommended by the Pay Board and official statistics compiled by the Department of Employment."

Claim for increased London allowance

By Alan Pike, Labour Correspondent

CIVIL SERVICE unions are to claim increases of up to 53 per cent in the allowances paid to their 150,000 members who work in the London area.

The staff side of the Civil Service National Whitley Council has submitted a claim for inner London weighting rates to be increased from £485 to £713 per year. It wants the outer London rate to rise from £275 to £372.

Mr. Bill Kendall, staff side secretary-general, said yesterday: "The claim is soundly based on the criteria recommended by the Pay Board and official statistics compiled by the Department of Employment."

Agreement

Increases in London weighting have been prevented under pay policy since 1975. The existing arrangements in the Civil Service are based on a report produced by the now defunct Pay Board.

The wage rates on which this year's Civil Service pay agreement under Phase Three were calculated did not include London weighting.

Teachers' unions have already begun efforts to increase their members' London allowances by submitting a claim which is due to go to arbitration later this month. Local government employees and other groups are expected to make similar claims later in the year.

Pill' firm hits back at union

By Our Labour Editor

A U.S.-OWNED pharmaceutical company yesterday hit back at attempts by a white-collar union to start a consumer boycott of its oral contraceptives and exert political pressure in order to achieve recognition.

John Wyeth and Brother said it was regrettable that the association of Scientific, Technical and Managerial Staffs was trying to affect the prescription of its Ovran and Ovranette pills. This would cause "considerable concern and inconvenience to millions of women, and in some cases could be hazardous."

Referring to a recommendation of the Advisory, Conciliation and Arbitration Service that ASMS should be recognised for salesmen, the company said the union's membership was too low to justify recognition. It already recognised the Transport and General Workers' Union.

Unions representing area and district workers in the National Health Service are to start procedures for industrial action. It was decided at a meeting yesterday of the staff side of the Whitley Council committee which covers the original dispute.

After several months of consideration, a package deal on the shorter working week was offered by the local authority employers last month but was rejected by the union because of points on it needed to make the scheme manning levels and shift systems.

Shorter hours must not affect pay deals-NALGO

BY OUR LABOUR STAFF

THE TUC conference in September will be urged to resist any government attempt to cost a shorter working week against the levels in a resolution by the National and Local Government Officers' Association.

Like the General and Municipal Workers' Union, which decided earlier this week to begin a year without a formal agreement with the Government, workers want "a new approach to pay" within the framework of an economic contract.

A comprehensive resolution on pay and economic priorities by the national executive council of the local government workers calls on the Government to institute a campaign of work sharing to reduce unemployment.

The union says, this should include the exemption of cuts in the working week from costing against pay norms.

Earlier retirement and longer holidays not only as a means of cutting working hours but also improving the quality of life, is urged.

The union also wants the trade union movement to promote a campaign "to ensure that excessive levels of overtime, and the systematic use of over-

time in preference to recruitment are eliminated."

However, workers should not suffer financial hardship if too much of their overtime income were taken from them.

For the Government's part, the resolution seeks "a rapid and sustained increase in industrial investment and public expenditure."

Unions representing area and district workers in the National Health Service are to start procedures for industrial action. It was decided at a meeting yesterday of the staff side of the Whitley Council committee which covers the original dispute.

NALGO, which represents the majority of works staffs, will now take steps to start industrial action.

A series of sanctions are likely to be applied from September 4, unless a satisfactory solution is achieved.

The works staffs' grievance is that a restructuring of grades and salaries outstanding for four years since the reorganisation of the health service in 1974, has not been carried out.

The Secretary of State for Health and Social Services has declined to intervene at this stage and there was now deadlock, the union said.

The union also wants the trade union movement to promote a campaign "to ensure that excessive levels of overtime, and the systematic use of over-

GEC suspends 2,000 in dispute over pay

THE WORKFORCE of more than 2,000 at General Electric Company's power engineering plant in Stafford were laid off yesterday because of a pay dispute. Before the shutdown, 2,000 had been suspended or were on strike after a series of disputes. The shop stewards voted to continue with sanctions imposed before the holiday. Production was at a standstill with no prospect of an early solution to the dispute. Workers returned from the all are suspended indefinitely.

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PARLIAMENT AND POLITICS

Rees hits at Tories over police pay

BY PHILIP RAWSTORNE

MR. MERLYN REES, Home Secretary, yesterday angrily accused the Conservatives of "prostituting" concern over law and order in a bid to win votes.

His bitter outburst came after he had announced to the Commons the Government's decision to implement the £250 pay award for the police in two stages.

Mr. William Whitelaw, Tory spokesman, while welcoming the award, declared amid Labour jeers: "In deciding to phase the award, the Government is taking a major risk over the protection of our people."

If a Conservative Government were returned at the general election, it would pay the increase in full, immediately, he said.

Mr. Rees retorted that the pay increase would be an average of 40 per cent—and half of it would be paid on September 1. "This is a remarkable pay award," he said to shouts of support from Labour MPs.

Police throughout the country had welcomed it, said Mr. Rees.

But they did not take kindly to Tory comparisons of the streets of Britain to those of Chicago. "It is not true."

Mr. Bob Mellish (Lah Bemondsey) said that the increase would be the most generous ever awarded to the police. Mr. Whitelaw's remarks had been "absolutely disgraceful" and were designed to win votes, he added.

The Home Secretary agreed: "Some Conservatives give the impression that the Tories are the repository of law and order," he said. "It is not the case."

MR. MERLYN REES
"A remarkable award."

The award reflected the unique position of the police and should stimulate recruitment, cut wastage and enable the service to counter threats to law and order more effectively.

But he told Sir Bernard Braine (C. Essex SE): "It isn't pay alone that will determine the success of the police service. It requires recognition by the community of the difficult job they do."

Mr. Eldon Griffiths (C. Bury St. Edmunds) said that the Edmund-Davies committee had vindicated the best thing about law and order by ensuring that there were trained policemen on the street. He did not regard this as satisfactory, and the Health and Safety Executive was preparing proposals for comprehensive cost of accommodation regulations.

commitment and the lack of a right to strike.

If the committee thought such a large increase was necessary now, why were the police being forced to wait for half of it until next year?

Mr. Roger Sims (C. Chislehurst) said that the Government's decision was illogical. "It is people, not politicians, who are making law and order an issue," he declared.

"It is people who are concerned about law and order," Mr. Rees snapped. "It is some politicians who prostitute that concern for a cheap vote."

The Government had to take account of the country's wider problems and believed that an immediate 40 per cent increase would not be in the interests of the community.

As other Tory MPs interrupted, Mr. Rees angrily dismissed their protests as "rubbish."

The average police constable with 15 years' service would, in September, receive some £2,685 a year.

Rejecting a suggestion by Mr. Dennis Skinner (Lab. Bolsover) that the Government should learn from this experience and keep out of free collective bargaining, Mr. Rees said that police pay could not be left to the free market.

He agreed with Mr. William Rois (Lab. Kilmarock) that the Government's decision had been

the best thing about law and order by ensuring that there were trained policemen on the street.

"This is something we should be doing for the Federation about wastage, the cost of," the Home Secretary said of danger of the job, the constant declared.

New rules on tanker labelling promised

THE GOVERNMENT is attempting to speed up new regulations on tanker labelling following the Spanish liquid gas accident. Mr. William Rodgers, Transport Secretary, told the Commons last night.

In a written answer, Mr. Rodgers said he had already expressed grave anxiety to the Health and Safety Executive over a continuing delay in bringing forward proposals on tanker labelling.

The delay had been due to factors including the need to widen the scope of the regulations and difficulties with consultation.

Following the Spanish liquid gas accident, I have asked the chairman for a full report and made clear once again that proposals are urgent and overdue," said Mr. Rodgers.

He said a nationwide study was being undertaken into the vulnerability of road tankers in accidents. At present, it was limited to tankers carrying petroleum spirit but he understood that consideration would be given to extending the project to include liquid petroleum gases.

The Health and Safety Executive estimated that there were normally between six and 10 road vehicles transporting liquefied propylene gas in the UK at any one time. Approximately 12,000 tons a year were carried by road, and an additional 38,000 tons by rail.

Asked by Mr. Anthony Grant (C. Harrow Cont.) about safety regulations concerning the transport of liquefied propylene, Mr. Rodgers said that the current statutory regulations for domestic journeys did not specifically cover liquefied propylene.

He did not regard this as satisfactory, and the Health and Safety Executive was preparing proposals for comprehensive cost of accommodation regulations.

MPs' salaries will lag behind Assembly—Tory

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MEMBERS OF the proposed £3,375,000 to cover the pay of 150 assembly members and 240 supporting staff.

It worked out that this would mean an average salary of £8,650 each. This compares with the present salary of £6,270 of the MPs, shortly to be raised by 10 per cent to £6,897.

Opposing the Government's attempt to reverse the Lords' decision, Mr. Fletcher argued that it would be a part-time assembly and members would have time on their hands unless they had outside occupations to keep them busy.

He maintained that the assembly would require only three months a year to do its work—and that was a generous estimate.

At present, Parliament took less than three months a year to deal with all the developed and non-developed Scottish issues. The Government, he said, was now engaged in a cosmetic exercise to conceal the fact that it would be only a part-time assembly.

Comparing foreign experience, he pointed out that a state legislature in the U.S. normally sat about 100 days a year, the equivalent of about 14 weeks.

From the Government front bench, Mr. Millan declared: "We cannot accept an amendment of this nature. We believe these

Orkneys and Shetlands.

It allows the Secretary of State for Scotland to override the assembly if that body takes action which is detrimental to the needs of the

Orkneys and Shetlands.

The Speaker, Mr. George Thomas, repeatedly intervened to call for more temperate language and, in a comment on what looked like being the last two active weeks of the present Parliament before the decks are cleared for an October general election, added: "I can see I am in for a very rough fortnight."

Mr. Hattersley said the fact that Britain's inflation rate was now lower than the average in OECD countries was an "enormous achievement".

He hoped that listeners to the broadcast proceedings would be able to make their own judgement about the character and conduct of the Opposition.

Tory MPs were particularly incensed by the fact that, in accordance with past practice, Mr. Hattersley allowed Mr. Robert MacLean, Under-Secretary for Prices, to deal with questions about the increase in food prices.

Mr. MacLean's insistence that it was normal practice for him

to answer questions on food prices was impatiently brushed aside, as was his emphasis on the fact that in the 12 month to June, 1978, food prices rose by only 6.7 per cent, the lowest annual rate since May, 1972.

Reaffirming his belief that the annual rate of inflation would remain at or about 7.9 per cent over the coming months, Mr. Hattersley said that what happened after Christmas would depend on the policies applied in the intervening period.

"My earnest hope and belief is that 7.9 per cent is how it is and how it will remain."

He accused Tory MPs of switching their attack to the four-year rise in the food price index because they knew that the more reliable indicator of the rate of inflation, the retail price index (RPI), no longer suited their case.

The Tories only abandon the RPI when it is moving in favour, not only of the Government or of the people of this country," he declared.

Mrs. Jill Knight (C. Edgbaston) argued that the RPI was "gobhledyook," to the average housewife who knew, as she went to the shops week after week, that prices kept rising.

Mr. Hattersley agreed that prices were rising, but claimed there was a remarkable degree of stability from one week to another.

Queen's lands take over call

Tories seize on food prices

By Ivor Owen, Parliamentary Staff

TORY MPs yesterday seized on a Government admission that the food price index increased by 104.9 per cent in the period between February 1974 and mid-June this year.

Mr. Roy Hattersley, Prices Secretary, was subjected to a flood of insults which almost drowned his renewed claim that Britain's annual rate of inflation is likely to remain at, or about, 7.9 per cent for the remainder of this year.

In a sustained barrage of abuse, he was called "The biggest basket of them all" by Mr. Nicholas Winterbottom (C. Macclesfield), "Yellow" by Mrs. Sally O'Beirne, shadow Prices Secretary, and "funk" by Mr. Robert Adley (C. Christchurch and Lyngton).

The Speaker, Mr. George Thomas, repeatedly intervened to call for more temperate language and, in a comment on what looked like being the last two active weeks of the present Parliament before the decks are cleared for an October general election, added: "I can see I am in for a very rough fortnight."

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Queen's lands take over call

MR. WILLIAM HAMILTON (Lab. Fife Cent.) yesterday called on the Government to nationalise part of the Queen's lands.

He argued in the Commons that income from the Duchy of Lancaster should be spent on hospitals...

"The vast amount of money accruing tax free to the owner of this estate would be far better used in replenishing health service facilities instead of the income going to what we believe to be the public industries," the MP declared.

Mr. Harold Lever, Chancellor of the Duchy of Lancaster, said he understood Mr. Hamilton's "republican views," but added: "You ought not to seek to give the impression that this income derives to the private benefit of the Sovereign. This is far from the truth."

New MPs

LABOUR'S VICTORS in last week's two by-elections, Mr. Alan McKay (Penistone) and Mr. George Morton (Macclesfield), took their seats in the Commons yesterday.

Barracks plan

WELLINGTON BARRACKS is to be rebuilt, Mr. Bob Brown, Army Minister, said in a Commons statement yesterday.

Sir Malby leads Olympic study

SIR MALBY CROFTON, Mayor of Kensington and Chelsea and member of the Greater London Council, to oversee the feasibility study into holding the 1988 Olympic Games in London.

Mr. Horace Cutler, leader of the GLC, said yesterday after asking Sir Malby to take on the job: "We have to ensure that the £50,000 earmarked by the GLC for the study is well spent. There is a great deal to be done in the way of meeting people, making contacts and monitoring progress."

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The Management Page

EDITED BY CHRISTOPHER LORENZ

NEB hunters come up with a high flyer

THE National Enterprise Board's recent investments in small, thriving, entrepreneurial fledglings surrounded by very companies will undoubtedly put predatory competitors. So far the protecting hand of the NEB has not been evident since it took a 28 per cent share in the kind of private enterprise company a year ago. But the admirers of the availability of a £700,000 loan from public funds. While it may be argued that the State when it considers future should never have got mixed up with the question of withdrawing support from a successful company may be quite another matter.

Take Systime, for example. one of the five computer systems companies in which the NEB has bought shares with the hope of co-ordinating and promoting exports. Systime is a small, fast growing company with a turnover of £4.5m last year. It has found a lucrative niche in the market for small business computers.

The company has all the hallmarks of technical skill and sound management which should enable it to survive in a world of natural selection. So why should it need to be controlled by the NEB?

One possible answer is that Britain has so few successful companies making small business computer systems; that the achievements of even a small firm like Systime are of strategic importance to the country because of their potential growth. A second point is that Systime is beginning to encroach on the territory of the big multi-nationals like International Business Machines, which is 20,000 times its size.

So although Systime is in no



John Gow (left) and John Parkinson of Systime—their company has found a lucrative niche in the market for small business computers.

computers for industrial control. He was one of the first people to realise that these cheap mass-produced mini-computers could easily be programmed for office and business use. Indeed, he saw they had several advantages over other business computers because of their ability to carry out several operations simultaneously from a dozen or more terminals connected to different locations.

At that time, however, DEC's

US management was not interested in developing the UK business market, so Mr. Gow decided to set up his own. With the help of his wife Jennifer, a programmer on paid leave from International Computers Limited (ICL) (for a Leeds may pass his elderly complex combinations of white Rolls-Royce (number reasons), he started writing the necessary programmes at weekends and in the evenings. He was given some support with his first sales from DEC, which was happy to supply him with the hardware on credit.

With this assistance, finance

from one of his first customers, and his own savings, the operation became financially viable. He soon went into the manufacture of hardware himself, in order to adapt the DEC machines so that they could be coupled to disc drives (memory units) made by Control Data Corporation (CDC). This was perhaps his most important commercial decision, because the improved margin obtained on CDC units greatly helped to finance the company's future growth.

Mr. Gow combines a shrewd Yorkshire head for good business with a slightly unexpected taste for flamboyance. Workers coming in to his factory in Leeds may pass his elderly

He also tries to make conditions for production workers as pleasant as possible. The main electronic production area, for example, is fully carpeted and

liberally decorated with potted performance of each geographical area, going through modern office. Undoubtedly his all the conflicting demands on ability to inspire personal sales, programmers and manu-

lity has helped to build up the company.

Mr. Parkinson believes the main constraint on the company's growth over the next few years will be the time taken to double this year to £8m. By 1982, the company is looking for a turnover of £30m, of which over 300 strong. Soon the operation will become too large for such personal control; the detailed management will have to be devolved to divisional heads.

"The major hazard is that we could become overstretched in terms of the level of service we can give to customers," he says. "Since 20 per cent of our business comes from repeat orders from past customers, we must guard against a degeneration in the level of service."

"Recently we have cut back all our budgets because I did not think we could cope with too fast an expansion of the business from the managerial point of view."

Mr. Parkinson is a steely no-nonsense Lancastrian, who is holding the company on a very tight rein indeed. He has introduced detailed financial controls and imposes a strict discipline over all aspects of the U.S. market in the near future.

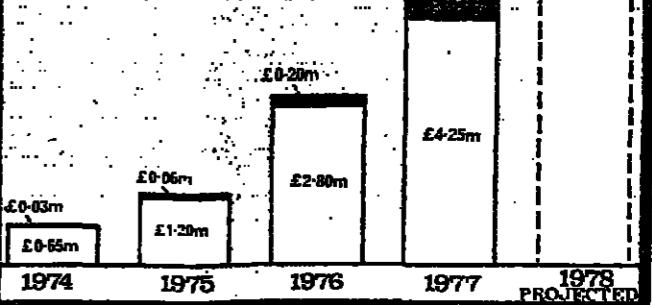
Exports to Europe and the Middle East will also depend on including service to customers.

Like Geoffrey Cross, the former head of ICL, he believes that rapid and efficient service to customers is the key to success in the U.S. market, which has set up a sub-computer industry. So he receives a telex every evening to market British software from each area office listing (computer programming) skills

faults on equipment which have not been repaired. Then, Insaac is co-operating with four UK software companies, in four months, he spends two UK days on a detailed review of addition to Systime. It intends to develop standard soft-

SYSTIME'S RAPID GROWTH

PROFIT & TURNOVER



ware systems which it can sell to a wide variety of computer users. Initially it will only be selling programs, but it may be able to find customers for complete systems, including hardware supplied by Systime.

Intriguing

At present this is not much more than an intriguing possibility—which has attracted much sceptical comment from other parts of the industry. The fact remains that the world market for mini-computer systems is expanding much more rapidly than is the British companies' ability to supply it.

The N.E.B. can therefore put up

a strong case for trying to

promote co-operation between the companies which are successful in the field.

The other point, which Systime fully recognises, is that the emphasis is likely to turn more and more towards soft-

ware as the cost of hardware falls.

At present most of

Max Wilkinson



Promotional and technical literature for export sales to the Arabic-speaking countries of the Middle East and Iran must be translated and typeset in the idioms and style of the market demands, by specialists

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THIS NEW study on long-term job creation has, on the surface, a slightly dated 1960s look. Belief in planning, an active role for public sector agencies, and, in particular, the comparisons with Swedish experience became all too familiar in the mid-1960s debate leading up to the piecemeal interventionism of the 1964-70 Wilson Government. Yet the now all too apparent weaknesses of both British and Swedish industrial and employment policy have caused Mr. Butt Phillip not to abandon an interventionist stance but to suggest new refinements of this same approach.

The author's starting point is the widely accepted view that "successful demand management by the Government does not of itself solve problems of weak industrial structure or inadequate employment opportunities." The study is confined to reviewing the ways in which potentially permanent employment can be generated. Its terms, yet his study concluded

emphasis is on how to select that finance for employment and promote viable investment generating projects is only one projects which provide employment and concentration not just short-lived employment, and concentration job creation schemes, such as on the provision of investment capital is often not sufficient to create more jobs.

Mr. Butt Phillip discusses the general development and employment creation programmes, and concludes that this type of assistance is largely ineffective as far as long-term job creation is concerned.

The study points out that the responsibility for long-term job creation is split between many departments and agencies with the result that there have been differences of approach and a lack of co-ordination.

The author notes the increasing tendency in the 1970s to increase the finance available for selected cases on special agencies. Their work often in partnership with the private

sector, has included substantial non-financial support, for particular, he discusses the role as the Swedish economy now has one of the highest rates of price inflation and lowest rates of economic growth in Europe. The authorities, closely involved in the individual firm's investment and labour plans, respond to the information thus received and adjust their policies as required. The degree of government involvement is probably an influence. So Sweden can no longer be held as an example of the social democratic New Jerusalem.

Moreover in the UK there is not the degree of trade union and business acceptance of common goals (principally to prevent unemployment and to have viable companies) and because the policies themselves are in a proved successful. This in turn provides a background of economic stability and security for an existing firm.

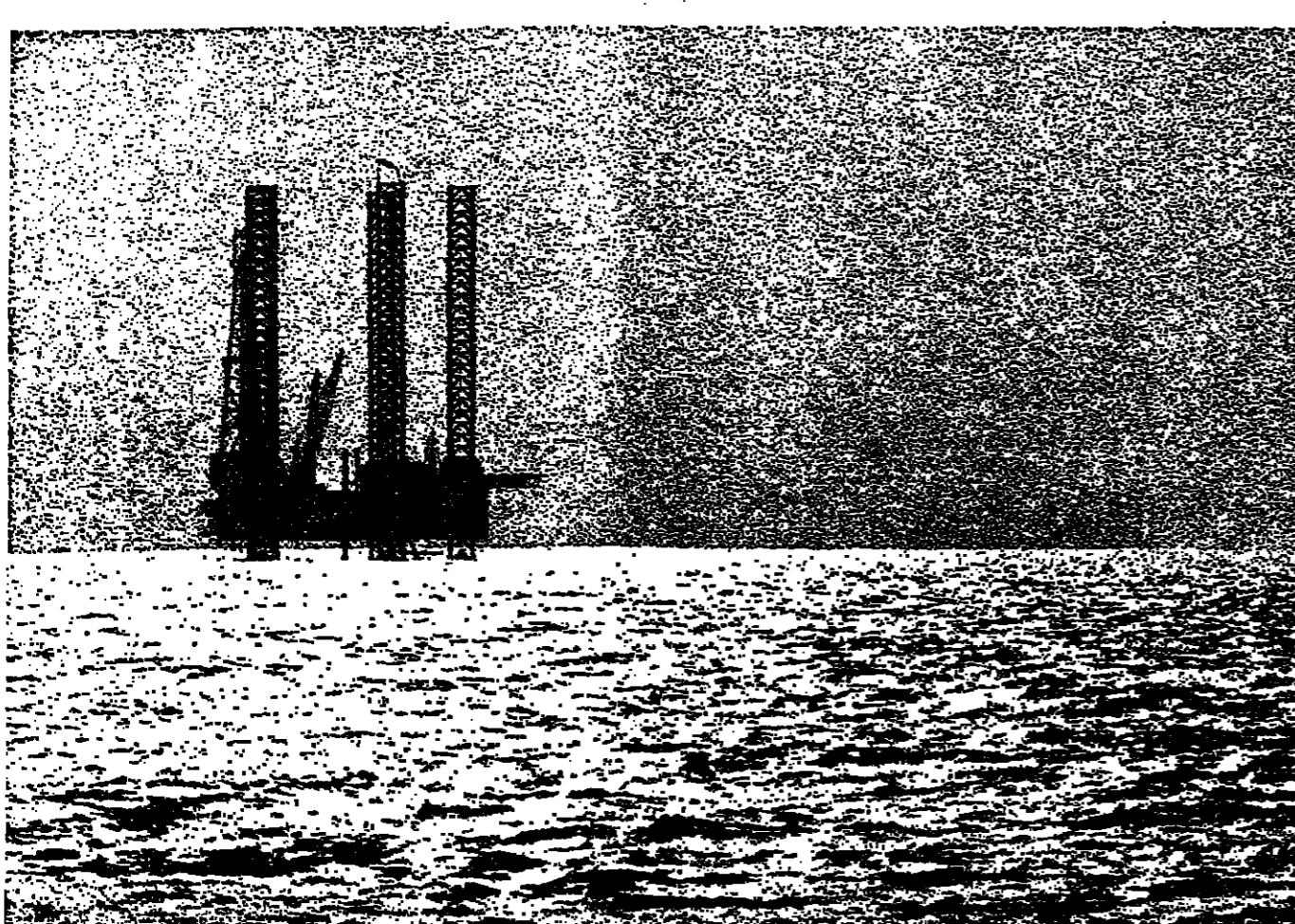
The author becomes more contentious, and perhaps less convincing, when he analyses

Unfortunately that statement

is now several years out of date and to cause structural change could receive wide support, his conclusions drawn from Swedish experience about the role of the public sector as a co-ordinator of the labour market, are less plausible. But perhaps the basic objection to this section of his study is his concentration on the public sector, thus playing down the role of the market and ignoring the constraints on the private sector's ability to create permanent long-term jobs often caused by state interference.

Creating New Jobs, a report on long-term job creation in the UK and Sweden. By Alan Butt. Policy Studies Institute, London. £3.60.

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The point is, they can't take advantage of the Scheme without your agreement. And if you agree to allow them to participate, then you must recruit people from the unemployed register to replace them—though not necessarily for the same jobs.

As a result of this Scheme, your employees have the chance to stop work up to a year early, which may give you the chance to do a bit of promoting. Above all, you'll be able to take on new staff. Doing that means you're also giving a job to someone who's presently unemployed. Employees who wish to take part in the Job Release Scheme must apply by 31 March 1979. There'll be advertising in the national press to tell them about it.

Leaflets with full details of the Job Release Scheme are available from any Employment Office, Jobcentre or Unemployment Benefit Office, or ring Eileen Tingey on 01-214 6405 or 01-214 6684 for more information.

Job Release Scheme

Department of Employment DE

LOMBARD

Competition v. co-operation

BY COLIN JONES

COMPETITION policy invariably imports are relatively marginal. But in the much smaller British economy, where structural problems abound and import penetration is high, one cannot rely upon competition to stimulate efficiency and allocate resources at times of economic growth. It may be inappropriate or even counter-productive to do so when conditions are adverse. To rule out all forms of inter-firm co-operation then could make it harder to resolve problems of surplus capacity and structural decline.

A conflict between "competition" and "co-operation" is evident in Brussels. Viscount Etienne Davignon, the European industry commissioner, has split the Commission with his proposal to change the Community's competition rules so as to permit a series of EEC crisis cartels in man-made fibres and other hard-hitting sectors.

Incomplete

It has also surfaced here in the reactions to the recent green paper on competition policy. The need to allow temporary cartels may form only part of the case put forward by the National Economic Development Office for balancing the claims of the Government's industrial strategy with those of competition policy. But the underlying arguments are the same. Just as they were in the days of the Industrial Reorganisation Corporation or earlier still in the 1850's when Britain's first cartel laws were being drawn up.

Nick Hurd was right to question the green paper's thrust in favour of a tougher merger policy. As has been said in this column before, the evidence adduced as justification for the industrial concentration has increased to a worrying degree and many mergers are unnecessary—far from convincing.

Studies of concentration based, not upon actual market shares, but upon shares of output or employment, ignore the competitive role of imports, the disproportionately large contribution his firms make to exports, and the countervailing power of big buyers and big suppliers; while no concentration ratio yet devised can tell us whether three firms dominating a market are surely competitive or prefer the quiet life. The evidence about the results of mergers is similarly incomplete. The most that can be said is that there are risks in mergers as in any other investment. Some succeed, others do not.

But to be sceptical about the case for a stronger merger policy does not make one a "non-industrial strategist". What NEDO is basically saying is that if a firm anti-trust stance may be the right policy in the US where

Desirable

If industrial strategists are convinced that co-operation is more likely than competition to improve efficiency in situations where co-operation is currently barred, they should be prepared to put their arguments to the test case by case, before the Monopolies Commission or the Restrictive Practices Court (or an equivalent body). In Commission hearings, the case for competition could be put by the Director-General of Fair Trading, the Commission's investigation and quasi-judicial role is in any case decided. It would give industrialists a clearer idea of where they stand, and it could make for quicker procedures. What must be avoided at all costs is a double standard system in which collusion becomes acceptable if it had Ministerial blessing and was subjected to legal sanctions if it did not.

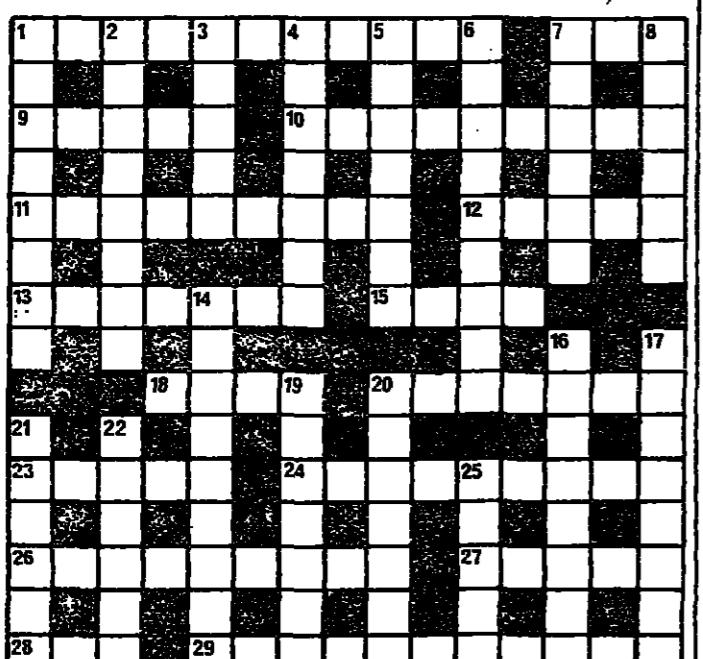
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BBC 1

6.10-7.55 am Open University (Ultra High Frequency only). 1.30 pm. 3.15 News. 3.15 Your Songs of Praise. Choice. 3.30 6.55 Hobby Horse. Tybed. 4.18 Regional News for England (except London). 4.20 8.10 Who Pays the Ferryman?

F.T. CROSSWORD PUZZLE No. 3,721



1. Across: oyster for a different one (11). 2. Land fish for a worldly-minded person (9). 3. Region producing genuine Frenchman (5). 4. Detour that should provide entertainment (9). 5. Soldier going to Her Majesty could be a robber (8). 6. Store with two gases to employ (5). 7. Cooling drinks for horses (7). 8. Time to put back issue (4). 9. Mark on vehicle from the south (4). 10. Intoxicated men lose their head and become more tense (7). 11. A doctor going to soldiers in return for a bouquet (5). 12. Debilitate getting a piece of furniture? It's open to argument! (9). 13. Despondent about not having one soul (9). 14. Lurk round bows of ship with learner (6). 15. See 7 across. 16. Is thick string in ball making a difference? (11). 17. DOWN: Tune's speed or volume (3-5). 18. Disastrous way of making a girl act (8). 19. Dance requiring spirit to a degree (5). 20. Where one may be found putting notice on gowns (7).

Solution to Puzzle No. 3,720

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ONION CROISSANT
BAKED HAM AND CHEESE
LIMA BACON
TOMATO AND MUSHROOM
PEPPERMINT
CUSTARD
CHOCOLATE
MILK

DOWN

1. Tune's speed or volume (3-5)

2. Disastrous way of making a girl act (8)

3. Dance requiring spirit to a degree (5)

4. Where one may be found putting notice on gowns (7)

Agreeable products of Verona province

AS I AM sometimes obliged to write about good Italian wines unfamiliar here owing hitherto to a local reputation only or because they are scarcely exported, it is agreeable to deal with two of the best-known and most widely accepted here: Soave and Valpolicella. And to discuss the other wines of the Veneto which produces 15 per cent of all Italian DOC wines.

Soave is probably the most popular dry white Italian wine in Britain, and deservedly so, as it is usually much crispier and fresher-tasting than its rivals, partly because it is now not pasteurised; and at £2 or so a bottle it is excellent value, at a time when the better French wine prices are rising, and the high level of the DM makes all German wines relatively expensive.

Soave is produced east of Verona, and those who drive on the autostrada towards Vicenza will catch a glimpse of Soave's fine brick castle that dominates the little walled town which is the centre of the Soave Classico area, and the site of an important, up-to-date co-operative. The Classico area is only a fifth of the whole, which produces the substantial quantity of about half a million hectolitres a year. It is made mostly from the local Garganega grape and it is a medium-coloured wine, blended with Trebbiano di Soave. Bottled after six months, its bouquet is best drunk within the next twelve.

Like many other Italian wines there is a Superiore version, and As it improves with some age.

It is a deep-flavoured, powerful wine that the Veronese recommend to accompany game.

It costs about three times the price of the normal wine, but that does not mean more than £2.50 retail in the region. Lamberti, whose agents here are IDV, has an excellent 1974, with a strength of 14 degrees; and they can be stronger.

The Classico area of Valpolicella is to the north-west of Verona, in the direction of Garda; but the ordinary type is made to the north and north-east of the city, with a special slice in the middle known as the Valpantena.

Lighter than Valpolicella is the charming Bardolino, produced near the eastern side of Lake Garda, with the Classico area based on the highly agreeable lakeside towns of Garda

Bardolino, Garda and Lajise. In

style Bardolino is not unlike Beaujolais, and they even have a Bardolino Novello. However, there is none of the mad November rush that appears necessary to promote Beaujolais Nouveau, but the wine is in the shops and restaurants in time for Christmas and very popular is this light, cheerful wine.

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Henry Moore at Eighty

by WILLIAM PACKER

At the very end of this month Henry Moore, our most celebrated of living artists, achieves his 80th birthday; and it is as appropriate as it is unsurprising that a number of important exhibitions should have been arranged to mark the occasion: indeed it would have been a scandal had anything less been done. For the bald truth is that Moore's celebrity, though in this country it came late, and has never been conspicuously supported by practical public support, is entirely deserved. He stands in the front rank of sculptors in this century, second to none, the peer of Brancusi, Arp and Giacometti; and if it is clear from the perspective of now to enjoy back over a long career, that only in England could he ever have been taken as radical innovator, iconoclast, and pillar of the avant-garde, we are able to see with an equal clarity that from the very first his work was of the highest quality, and that the scale of his consolidated achievement is immense.

Today, by making a short tour from Millbank to Kensington Gardens by way of St James', we are able to take a comprehensive view of it as it is ever likely to be possible. At the Tate, two distinct exhibitions (both until August 28), a copy of an examination of Moore as a draughtsman, and a display of the princely gift he has made to the country—we were hardly likely to acquire any of it otherwise—of some three dozen major works, that corpus augmented by the Tate's entire previous holding of his sculpture. At the Serpentine Gallery (until October 8) is shown a choice group of his more recent carvings, while

among the trees nearby, and on the lawns sloping down to the water, are disposed nine of his monumental works in bronze and fibreglass. And at Fischer Fine Art (until the end of August), choicest of all, are more of his carvings but of all periods, among them some of his very earliest works.

What we learn from these early pieces, which include a couple at the Tate, and from the magnificent sequence of figure drawings made through the twenties, and on into the thirties, is that Moore has always been essentially an artist who identifies himself with the great art of the past, has drawn upon the same material and taken upon himself the same great subjects, setting himself to work within, and only incidentally to extend that tradition.

Originality is a quality inherent in the nature of the true artist, and perhaps we worry about it too much for its own sake, forgetting that it is well able to look after itself if the work is good enough. Moore's hand is plainly on all he has touched, and, as is always the case, a less self-consciously original he is at any point the truer the work. We know him as a student at the Royal College of Art, a copyist, examination of

Moore as a draughtsman, and the other a display of the princely gift he has made to the country—we were hardly likely to acquire any of it otherwise—of some three dozen major works, that corpus augmented by the Tate's entire previous holding of his sculpture. At the Serpentine Gallery (until October 8) is shown a choice group of his more recent carvings, while

generally rather small, momentary only in implication, but the intention was always clear enough. The drawings of that first period show us that given to the huge pieces by the Serpentine, where they look so well, is evidently enthusiastic, whether expressed directly, as by the children scrambling over them, or at a more respectful, adult distance.

I wrote at length about Henry Moore last year at the time of his show in Paris at the Orangerie. The many shows

built up to their final size from the first tiny maquette only after many stages have been passed through, we sense that they have been over-simplified only to be rasped and cut and smoothed back to their proper scale.

Before the war the work was generally rather small, momentary only in implication, but the intention was always clear enough. The drawings of that first period show us that given to the huge pieces by the Serpentine, where they look so well, is evidently enthusiastic, whether expressed directly, as by the children scrambling over them, or at a more respectful, adult distance.

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Henry Moore's carving from Rossellini's "Virgin and Child" John Thibault

here this year have proved by Vera Lindsay, Yorkshire is impossible to cover except in as proud of her famous son as these more general terms, one we all should be for we are by two regrettably overlooked lucky to have him. We all con- altogether, notably the fine show granuate him, I am sure, on his birthday.

Cambridge Theatre

Sing Happy

by B. A. YOUNG

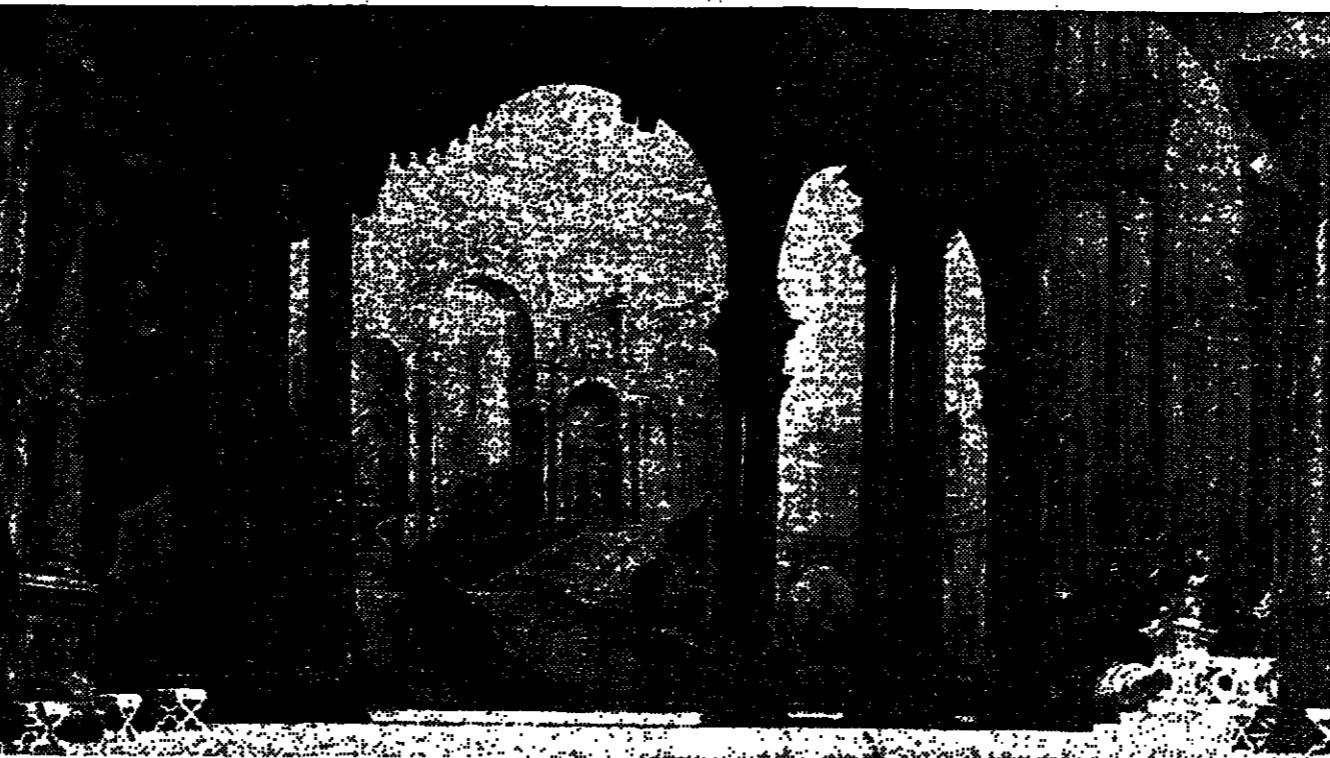
D. G. Associates and director Kim Grant have worked hard at making a Sondheim-Coward-Porter show from the songs of John Kander and Fred Ebb, but all they have made is a concert.

They have extracted songs from seven Broadway musicals, of which only Cabaret crossed the Atlantic, plus two films and television shows, and these are being put over by a cast of three girls and a boy.

But Kander-Ebb songs are mostly one-idea songs. Noti Coward's songs, and Stephen Sondheim's, and Cole Porter's can stand alone as self-contained items, because the ideas are developed and distributed throughout, and seasoned with what it's about. (It's the name of a song from *Flora, the Red Menace*, which played in 1965, and who remembers that?)

Grant Hossack directs the music pleasantly, there are some decent dance movements of a modest kind. There will be further performances next Saturday, July 22, at 11.30 p.m. and Sunday July 23 at 8.00 p.m.

After that it should be taken down and overhauled to make better use of the material and players. In my notice of *The Aspern Papers* at Chichester, I dermatized Eva Schick's Italian Lucas. There is some out-and-out humour. *Class* (from Chicago), is hilarious as sung by Miss Lucas and Maurice Scott, two hookers condoning the current fall in good manners



The late Oliver Messel's design for the third act of "The Sleeping Beauty" as performed by the Sadler's Wells Ballet at the re-opening of the Royal Opera House, Covent Garden in 1946. This is one of 300 designs, 35 in colour, which appear in Design for Ballet just published by Studio Vista.

This lavishly produced book is written by Mary Clarke and Clement Crisp, the Financial Times' ballet critic, and traces the marriage of ballet and design from the court entertainments of the Renaissance down to work by Warhol and Jasper Johns.

Cheltenham Festival

Hamilton and Fricker

by DOMINIC GILL

The days are past when every concert of the Cheltenham Festival would present at least one first performance of a new work by a British composer. Economics at home, as elsewhere in Europe, have taken their toll. But the festival accent is still principally British; and two of the three concerts of the final day on Sunday did indeed offer a premiere each.

They were both, in now traditional Cheltenham fashion, premières of the older school.

The more substantial, and perhaps the more surprising, was a commission from Iain Hamilton (b. 1922) given in the Town Hall by the BBC Symphony Orchestra under David Atherton and broadcast late the same evening on Radio 3—*Cleopatra*, a 20-minute "dramatic scene" for soprano and orchestra, unashamedly romantic in cast, unequivocally romantic in style (B minor): gramme we also heard Brian

Newbould's excellent new realising to fill out for us, as the author intends, the stylistic gap between the early and late orchestral works. It should be carried into the repertoire quickly, and for its lovely andante alone, heard often in the concert hall.

The other new work of the festival's final day was Anniversary for piano by Peter Racine Fricker, played as part of a recital of Beethoven and John Ireland by Colin Kingsley. The music gets its title from its date of composition last year, at the

time of the Royal Jubilee.

But it is not otherwise especially jubilant: a plain man's guide to piano-writing, 23 minutes long done with vigour and clarity, and at its best, in the slower music, when it does not mander, with a kind of Messiaenish resonance—but solidly, without any real leap of imagination or conviction.

ANG Associated Newspapers Group Limited

The Annual General Meeting for 1978 of Associated Newspapers Group Limited will be held on Thursday, 10th August, 1978 at 10.30 am at the Waldorf Hotel, Aldwych, London, WC2.

Year ended 31st March, 1978	1978	1977
Earnings from Trading	£100,555	£94,225
Share of Earnings of Associated Companies	11,163	11,777
Earnings before Taxation	15,461	12,013
Extraordinary Items	(1,117)	645
Group Earnings	8,141	6,389
Dividends for Year	5,811p	5,151p

Extracts from the statement of the Chairman to be presented to the Annual General Meeting.

In the year to March 1978 the Group achieved earnings before taxation of £16.5m compared with £12.0m for 1977. With inflation having run at the rate of 9 per cent over the period these results show a real improvement on last year.

The highly successful Daily Mail continues to contribute towards group earnings. The improvement in the Evening News has been well received by readers and the advertising industry.

The earnings of provincial newspapers showed an improvement as a result of increased advertising volumes in the latter part of 1977. Rising costs were offset by higher advertisement rates and cover prices within the Government's price control regulations. As part of the modernisation programme, new buildings are being constructed for our newspapers in Derby and Torquay. They will house the new photocomposition production systems which together with high-speed presses will allow for the future expansion both in page and circulation.

During the year your Board decided to invest in *Esquire* in the United States of America. The magazine has been redesigned and was relaunched as a fortnightly magazine last March. It has been well received by readers and the advertising industry. As a matter of prudence the initial costs to date have been written off.

Associated Newspapers Group Limited, Carmelite House, London, EC4.

To get the taste of the Austrian wines you know and love and to discover some exciting new wines, drop into the World Wine Fair and Festival.

There we'll have over 70 superb wines for you to taste, enjoy and choose from.

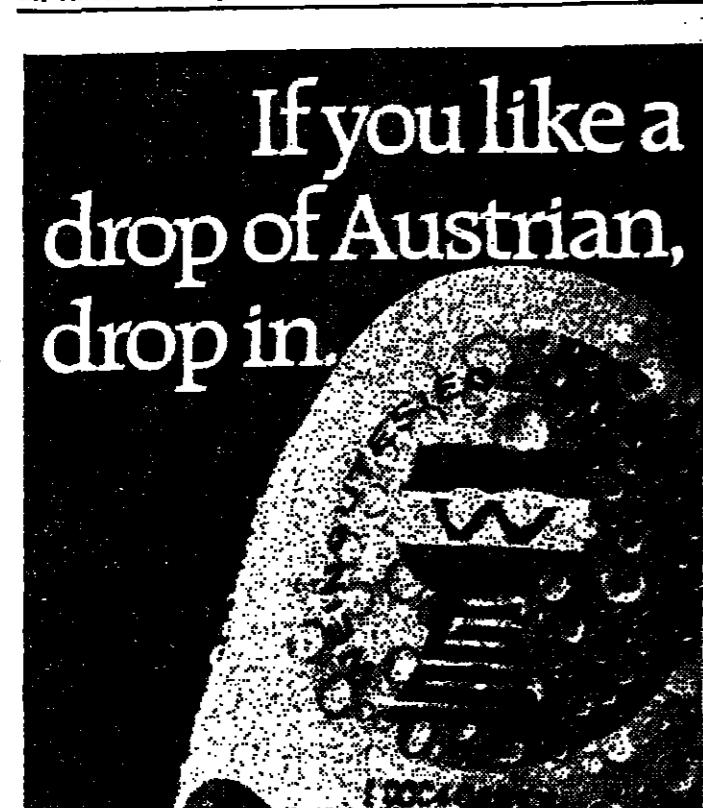
The cork will be lifted on July 19th at the Bristol Exhibition Centre, Cannon's Road.

For full details, see the Wine Fair cata-

logue. Then join us at the Austrian Wine stand, number eight, on the ground floor.

Our drop is worth dropping in for. A well-kept secret for a thousand years.

Austrian Wine.



At the end of the Second World War, when Buda Castle was a charred ruin, the Hungarian government made a bold decision: not only would they restore it, but they would also take advantage of its condition for excavating before rebuilding.

There was considerable interest in what remained of the medieval palace that was known to be under the present baroque structure with its command of the Danube.

The first phase of the exca-

tions lasted 15 years and long delayed the opening of what was planned next to house the cultural life of the nation.

Gradually since the mid-1960s,

one part of the palace was

moved to a Museum of the Workers' Movement. Part of the National Gallery moved in, and just this year a complex of theatres took up residence in the castle in what was the site of the first permanent theatre in the Hungarian capital, a venue where Beethoven played a piano recital in 1800.

A second phase of excavations began in 1967 and uncovered unanticipated riches that are now on display in uncovered and reconstructed bits of that medieval palace. Some dozen

statues no more than three feet high reveal a previously unknown period in Hungarian art, the fifteenth century. One category of work consists of secular statues of graceful knights, courtiers and ladies with their knaves, heralds and ladies in waiting bearing their arms.

The women's long dresses are carved with folds as though being held up in their hands. Knights wear knee-length tunics and belts decorated with dials. Traces of paint show the knights were red tights. One lady's golden curls are reproduced in gold leaf, now barely visible.

The other set of statues depicts religious figures—apostles or prophets and saints—each with a long cloak. A female saint shows remains of blue and brown paint, while one of the apostles has some bluish paint on his cloak. The most complete of these figures is a saint, presumed to be St. Bartholomew, holding a leather bag in his right hand and wearing a red cloak. His head is uncovered and reveals a tunic cloak at

the waist. Unfortunately, except for this St. Bartholomew, one apostle

and one knight with a daisy belt, all the heads and torsos were found separately. In the interests of historical accuracy no attempt was made to piece the figures together, even where heads seemed to fit particular bodies.

The Gothic Hall, where the secular statues now stand, was buried under another building until excavations uncovered it in 1950. It was reconstructed from architectural fragments, the window-frame, pillars and springers, and is an important discovery in itself. For it represents the only evidence of what is known to be a flourishing period for Hungarian architecture, when Sigismund, king of Germany as well as Hungary, travelled throughout Europe and sent masters from Paris in 1416 and from Augsburg in 1418 to work in Buda. The lower chapel which houses the religious figures was unearthed intact and reconstructed around the preserved tracery windows and the walls that survived above the level of the springers. It provides evidence of the large-scale building that was done in the fourteenth century.

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Books on the Arts

Sadler's Wells and its history

by ELIZABETH FORBES

The Story of Sadler's Wells by Dennis Arundell, David & Charles, £6.95, 352 pages

sported musket and helmet as well as uniform and boots, while even Dr. Johnson was impressed by the Learned Pig.

Topical shows were all the rage: *Gallic Freedom*, or *Vice la Liberté* presented the storming of the Bastille less than six weeks after the event, and in 1804 *The Siege of Gibraltar* inaugurated the new water-theatre with 117 model ships, each 3 ft long, equipped to swimmer men. *Spectacle* was not, however, the only popular entertainment: music played an equally important role, and *The Daughter of the Air*, a Ballet-Pantomime with music by Mozart was a version of *The Magic Flute* pre-dating by more than a decade the opera's official introduction to England. The great clown, Joe Grimaldi, who made his first appearance at Sadler's Wells at the age of two and a half, was as renowned for his songs as for his mime; owing to ill-health, Grimaldi retired when still under 50, but his personality dominated the theatre for a quarter of a century.

Dennis Arundell's history of the successive Sadler's Wells theatres, first published in 1965, has been reprinted with three extra chapters to bring his account up to 1977. The new material is welcome though some of it makes melancholy reading—from the theatre's point of view. It helps one to understand the Sadler's Wells Opera, just as 20 years before the Sadler's Wells Ballet moved to Covent Garden to become the Royal Ballet. But the fascination of a compelling story lies mainly in the first half, which chronicles two centuries of theatrical development and social change.

At the beginning of the 18th century, when Sadler's Wells was surrounded by open fields, footpads were a serious danger and shows started early to end before dark; later, the times of moonlight or "Cynthia" were advertised for the convenience of patrons. Rough-mannered local audiences were diluted by better-behaved spectators as the fashionable world discovered the road tolington and the neighbouring lanes. Programmes were astoundingly varied, with music, dancing, singing, mime, drama, pantomime, tumbling and wire-walking. Favourite performers included Signor Ferri, who went through military exercises on the tightrope "to the satisfaction of all the Gentlemen of the Army who were present." Another attraction was more careful (one might say, the Moustache, the canine star, who less candid) must one be?

The rest of the story is well known. Dennis Arundell himself figures in it as actor, musician and producer. Ironically, as he says, "while the truth, so far as it is known, can be told freely about the distant past, the nearer one comes to the present, the nearer one comes to the past, the nearer one comes to the truth." The Lady—Lillian Baynes—when she acquired it as a second home for her Old Vic drama and opera companies.

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Another star personally Samuel Phelps, rescued the Wells from a decline in reputation after Grimaldi's retirement. Phelps produced 31 of Shakespeare's plays, as well as a large number of other dramas, old and new, during his 18-year reign. The 20th century brought an even lower ebb in the theatre's fortunes: used as a roller-skating rink, a variety house, a music-hall and a cinema, Sadler's Wells was saved from destruction by The Lady—Lillian Baynes—when she acquired it as a second home for her Old Vic drama and opera companies.

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Tuesday July 18 1978

A realistic summit

THE SEVEN Western leaders with M. Valéry Giscard have not pulled any rabbits out of a hat at their Bonn summit. After blowing cold then warm towards the idea, the economic package endorsed by yesterday's communiqué is now blowing both modest and largely as expected. Indeed many of the communiqué's specific commitments had already been undertaken or foreshadowed in recent weeks. In the days immediately preceding the summit, most of the participants had cautioned public opinion against expecting too much from Bonn.

Energy

In some respects, however, the economic agreement does go a little further than expected. Mr. Takeo Fukuda, of Japan, has given a very firm undertaking to limit the volume of his country's exports and the extent of West Germany's commitment to a higher growth rate was in doubt until the last minute. President Carter has not spelled out the details of how he hopes to secure the passage through Congress of a "comprehensive" energy policy by the end of the year, but he has at least solemnly reaffirmed the programme's overall objectives.

Italy's pledge to stimulate growth next year is a surprise addition to the package. The UK had long made it clear it would have little extra to contribute on the growth front. The major departure from past summits has been one of style. The seven leaders have left each other much freer than in the past to decide what measures their national economies and political situations will tolerate. As Mr. Fukuda pointed out yesterday, there has been a lull in the strident rhetoric of the recent past in which Governments openly criticised the policies of others and urged them to do better. The new approach follows naturally from the decision to abandon rigid and usually unobtainable growth targets like those set by the Downing Street summit last May. While Herr Helmut Schmidt, the West German Chancellor, has been largely responsible for the demise of targeting, it must by now be obvious to most Heads of Government that the setting of over-ambitious objectives does more harm than good.

Herr Schmidt, however, seems to have had less success in persuading his colleagues of the merits of his new plan for European monetary stabilisation, worked out in consultation with the seven.

Credibility

The Bonn agreement is not, of course, going to solve the problem of international terrorism—any more than the economic package is going to solve the world's economic and social problems. Of that the seven heads of Government are fully aware. Indeed, one of the more notable aspects of the summit has been a greater sense of realism than that, for example, which prevailed at Downing Street last year. The Heads of Government have refrained from setting themselves impossible objectives, while at the same time pledging themselves to much more determined efforts to ensure that those aims they have agreed will be met. In the face of such intractable problems, international summits can best retain its credibility by not raising its sights too high.

Constraint of pay policy

THERE ARE sharp differences whose report was published of opinion about the merits of yesterday's pay restraint. Some people believe that in principle and negotiating machinery following practice it is likely to do more good than harm while others believe precisely the opposite. On both sides of the debate, the application of earlier phases of the Government's pay policy, when a further dispute last autumn was accompanied by warnings from the Metropolitan Police Commissioner that Ministers were in danger of being faced by strike action—something which the police are forbidden by law to do—the Government offered to pay an immediate 10 per cent increase and to extend the committee's terms of reference to include pay.

The increases in pay averaging about 40 per cent and the re-structuring of pay levels which the committee has recommended are based not so much upon the idea of restoring comparability with other occupations but are intended to overcome the recruitment difficulties and serious problems of wastage which have been recently manifest and to offer better career prospect for the long serving constable.

By insisting that the increases in police pay be phased, the Government may be undermining the potential benefits of the committee's findings for police recruitment.

The wider point, however, is the question of devising a flexible approach to pay policy which can accommodate the necessary adaptations to reality in the public sector, when it became apparent that 10 per cent had become the minimum level at which most groups of workers were prepared to settle. At the same time, to prevent the policy breaking down and to satisfy the claims of groups in the private sector, when it was becoming apparent that 10 per cent had become the minimum level at which most groups of workers were prepared to settle.

The formula has now been further compressed to a number of groups, including the armed forces, the senior public servants, and the armed forces. But it was by making special cases of the first devised to deal with police and other groups this time but the formula is unlikely under Lord Edmund-Davies, to work a second time round.

WORKER CO-OPERATIVES

First tentative steps along a Spanish-style road

DURING THE past couple of years there has been a sharp change in the general attitudes towards worker co-operatives, which have helped small firms—especially in Britain's economy. The latest and most important evidence of this change has come in two recent developments. One is the creation, under new legislation, of a Co-operative Development Agency to help foster co-operatives, and the other is a decision by the Co-operative Bank to start helping to finance Bank to start helping to finance worker-funded enterprises.

Together these events could lead to a new generation of small worker co-operatives growing up in Britain, and at the same time enable the Co-operative movement to expand from its primarily consumer base.

The lack of past interest in co-operatives is the result of both political and practical factors. The main factor is that the Labour movement has concentrated on nationalisation as a means of changing the basis of industrial ownership and on the trade unions for handling the affairs of the individual at work. This has left co-operation mainly to the wholesale societies and their High Street shops.

As a result there has been little or no trade union interest in worker co-operatives except when they provide rapid solutions to factory closure and redundancy problems.

On a practical level most co-operatives that have tried to start have failed through lack of sufficient finance and management expertise. On top of this, the experiences of the co-operatives at the Meriden motorcycle factory, the Scottish Daily News, and Kirby Manufacturing and Engineering's Merseyside plant—all of which were saved from closure in 1974 during Mr. Anthony Wedgwood Benn's era at the Department of Industry—served to transform public and political opinion from a state of disinterest to one of opposition. The Manpower Services Commission's job creation scheme has helped by spending £1.1m in backing what it calls enterprise workshops.

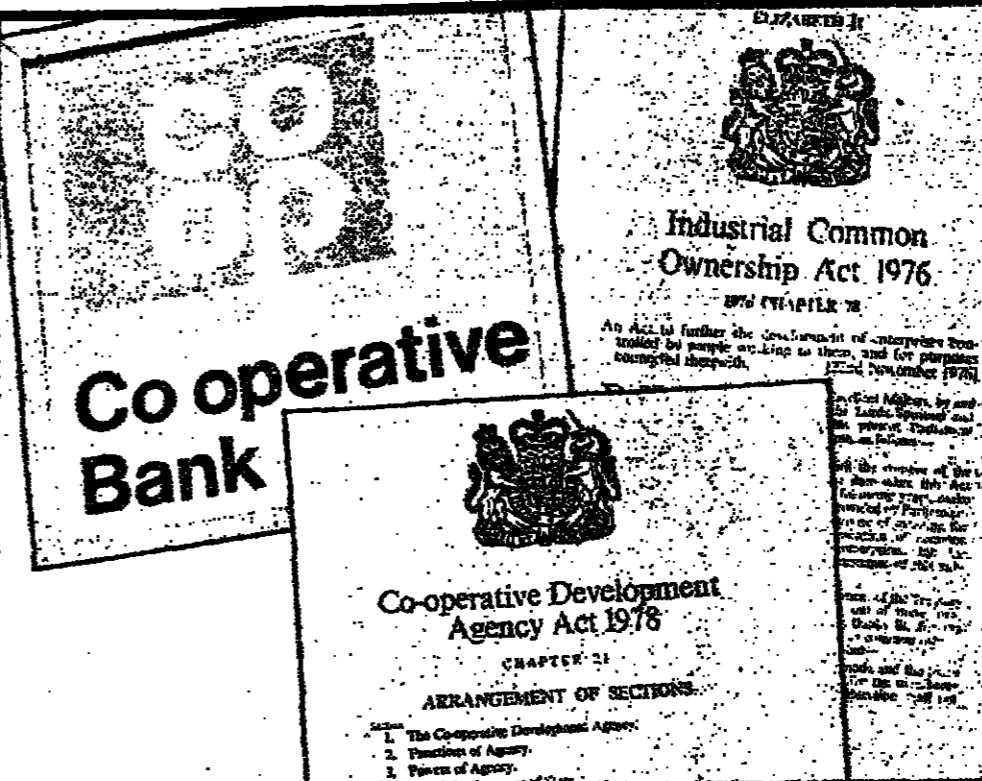
Now attitudes are changing. In all 33 of these co-operatives have been started, mainly in woodworking, plastics and similar trades. They have created about 300 jobs and, while only a few are likely to be viable enough to survive once the year-long job creation aid expires, others will probably be about the individual's rights at work in relation both to the Commission's continuing special employment programmes.

In the Liberal Party, like the other event is the idea of co-operatives because "discovery" of a community there can be greater worker influence without increased trade union power, and they regard the idea of workers in Britain had heard of Mondragon where, over the past 21 years, more than 70 successful

enterprises with a combined annual turnover in excess of £200m, and a labour force of 13,000 have been built up around a bank called the Caja Laboral. This bank takes in savings from the local communities and then invests in co-operatives which it also provides with essential managerial and other expertise.

A report last year funded by the Anglo-German Foundation for the Study of Industrial Society showed how such a bank could become the milepost of a community of co-operatives by filling the financial and managerial gaps that have bedevilled them in Britain.

The report aroused the interest of people as diverse as Mr. Jo Grimond, the former Liberal Party leader, Sir Arnold Weinstock, whose General Electric Company helped the Meriden motorcycle co-operative in its troubles 18 months ago, and Sir Arthur Sudgen, chairman of the Co-operative Bank which is now tentatively taking the first steps along a Mondragon-style road.



enterprises with workers having only the provision of the cash gave a £1 nominal shareholding. The new impetus to the development of co-operatives and has been accompanied by regional co-operative development bodies springing up around the country.

Next there are about 20 older co-operatives embracing nearly 2,000 workers, mainly in the shoe and textile industries. With a turnover in 1973 of £5.6m, they are the sole survivors of those producer co-operatives formed in the latter part of the 19th century.

The third group is the most significant at present and is centred around an organisation called the Industrial Common Ownership Movement. It embraces 15 collectively-owned enterprises and has evolved from the initiatives of Ernest Bader who turned his own family-owned chemical concern in Northamptonshire over to a trust for his workforce between 1951 and 1963. Other entrepreneurs have, primarily for paternalistic or tax-avoidance reasons, taken similar steps in recent years and the reconstitution of old family concerns is regarded as a likely source of future co-operatives. But the main significance of the Movement is that it was given a fresh role by the Industrial Common Ownership Act, 1976, which emerged from a private members' Bill and was backed by the Labour Government. The Act gave the Movement £250,000 from the Department of Industry to spend in revolving loans to would-be co-operatives through a new organisation, Industrial Common Ownership Finance. So far £33,500 of this has been drawn and allocated to co-operatives.

This is the sort of activity on which the Co-operative Bank and the new Co-operative Development Agency can build. The agency will be charged under its chairman, Lord Ormsby, with encouraging the spread of co-operatives in general as well as worker enterprises. To begin with the bank is taking a strict view of what constitutes a co-operative. As has been said, the Meriden type of co-operative, in general as well as worker enterprises, is the sort of activity on which the Co-operative Bank and the new Co-operative Development Agency can build. The agency will be charged under its chairman, Lord Ormsby, with encouraging the spread of co-operatives in general as well as worker enterprises. To begin with the bank is taking a strict view of what constitutes a co-operative. As has been said, the Meriden type of co-operative, in general as well as worker enterprises, is the sort of activity on which the Co-operative Bank and the new Co-operative Development Agency can build. 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Car crisis remains

THE PERENNIAL crisis which management has made it clear that Birmingham has lived with in it regards these areas as priorities for the last ten years in its battle to make the present of going away. Having already there is a programme changed its management once at Longbridge to reduce the in 1975. BL - the old British workforce by about 3,000, and Leyland - has now changed it in the longer term it is difficult again. In the process its organisation has been totally shaken up and a whole new set of ideas brought to the question of trying to make it profitable. No one as yet can say whether these will stop the rot and establish a base, albeit smaller than in the past, from which BL can consolidate its position in world markets.

The main lines of the impact which the Leyland revamp will make on the Birmingham area are already clear. The two divisional companies for the car operations, Austin Morris and Jaguar Rover Triumph, will both have a very large preponderance of their activities in and around Birmingham. The Longbridge plant, employing upwards of 20,000 men, will be the site for the new Leyland small car, and Solihull, the Rover headquarters, will be the main site for luxury car assembly, along with production of the Land-Rover and Range Rover models.

Each of these groups of car activities will be run separately by their own management teams, although the BL Cars holding company will have a coordinating role. The intention of this new structure is to make each of the main production units much more clearly accountable. Manufacturing is to be brought closer to marketing, the old marque names are probably other, small workshops in the Midlands which will be given their heads to make a profit. At the same time, the clearer identification of profitable areas which will ensue will - at least in theory - make it easier to prune out the poorer performers in the BL empire.

Underlying this purely structural manipulation, there is, therefore, an important commercial objective. This is to improve efficiency and productivity, and with it the profits record. The clear implication of this, however, is that there must be changes in manning, and open up the possibility of extra changes also in working practices. The new Leyland man-

the opportunity to re-open factories are ill-equipped in there may be new engine-ment programme on the Land comparison with significant making facilities, following the Rover, which is still essentially recent £38m investment in the same vehicle as the original

At the group's annual meeting recently, Mr. Edwards remarked pointedly that he believed that the ability to earn extra money could provide a great stimulus to the workforce in the BL factories. It could certainly be a means of breaking the present deadlock which have led to a virtual ossification of the present systems.

Alongside these moves on the front, investment is also planned to play an important role in revitalising the Midlands base. Without question, this is one of the finest car production facilities in the world, greatly admired by BL's competitors.

In this respect, the Birmingham area is receiving two very large injections of Government-funded finance.

The first of these projects will be at Longbridge, where investment is going ahead into the new small car project which will eventually give the company a vehicle to replace the Mini, although of a somewhat larger size.

Injection

When completed, the project will involve the injection of some £280m. Although not all of this will be going into the Longbridge production lines, it will more than double the present output of these vehicles from 50,000 units a year to up to 130,000 and perhaps more sales at a reasonable level.

Terry Dodsworth

But there still remains an enormous risk that Leyland could be pulled further into its vortex of decline before these products and expansion programmes bear fruit. It needs new cars to revitalise its image, and it needs new investment to revitalise the factories. But in the meantime it has to improve on the present sluggishness in investment, and to retain its business in the Midlands.

Now the company is planning to go one step further with another, very large scale expansion on the site to develop the Land and Range Rover models.

It is planned to spend some £240m on this project, which

Components make a major contribution

BIRMINGHAM IS at the centre of the UK's biggest subcontracting area. It has a world reputation for being able to turn tyres from go-karts to earthmoving equipment at £9,000 a

tyre. Across the other side of the city Triplex is building a £10m plant planned to come into production by the end of the year to meet the demand for its brilliant advanced windscreen systems. The bulk of the output goes into the transport industries.

As a major centre of the car industry the bias is understandably towards this sector, but production covers all forms, from bicycles and go-karts to ships: many of the berths and much of the hospital, catering, and more technical equipment originates in the city. In the larger companies it is not uncommon to see quite disparate items for the motor and general engineering industries being run in double harness, so to speak, either as part of a policy of deliberate diversification or through the application of similar skills to new products.

This wide-ranging, enterprising attitude is what gives Birmingham the industrial virility and competitiveness that has in the past so effectively helped to protect it from the worst impact of recessions. At the mid-way point between these two very different leaders in the components field is third, Lucas, whose headquarters are only a stone's throw from the city centre. Not only is Lucas in the forefront of more conventional products, but it is preparing for the years ahead when oil will no longer be able to provide all the needs of the growing transport industry. The group is intensively pursuing the development of electric vehicles, concentrating on vans and trucks, and claims to be among the world leaders in the development of control systems for battery-operated vehicles and of lead acid batteries.

A fourth, Hardy-Spicer, not far from Fort Dunlop, illustrates yet another aspect of the British motor industry, before what became British Leyland started on its long decline to a state-dominated concern, when Rover, Standard-Triumph, Austin-Morris, Jaguar, Guy Motors, Daimler and others were all competing fairly prosperously, that demand for between 2,000 and 3,000 different items, from fasteners to tyres and cylinder blocks, should draw in an increasing number of suppliers.

With vehicle assembly lines drawing roughly two-thirds of their requirements from general and specialist suppliers the expanding market was far too big to be ignored. Birmingham (and Coventry, too) got rich on the back of the industry and companies like Dunlop and Lucas, which had followed, and sometimes preceded, the motor industry's post-war export drive, began to develop worldwide networks. A combination of thrusting competitiveness, high technical quality and marketing expertise has stamped the names of Birmingham-made motor components and accessories across the world.

The history of the transport industries is studded with names that are household words for beyond Birmingham, where they have their headquarters or major plants. These include Tube Investments, GKN, Triplex, Burman, Birmid, Qualcast, Lucas and Dunlop. Dunlop was among the first into Europe, opening a tyre plant in Germany well before the First World War. Its tyre manufacturing headquarters at Fort Dunlop, in north Birmingham, was until the early 1960s associated with land speed records. Four or five years ago it withdrew from Formula 1 racing to concentrate on more mundane developments for rallying and saloon and sports car racing, while not by any means ignor-

ing items like tractor tyres. At the U.S., to lighten vehicles so instances British-made parts have been or are being substituted.

Since the first tentative large-scale attempts to develop export

The result of the rising scale

markets - largely as the result of the failure of the U.K. motor per cent. in 1976 and again by

industry to expand and its more almost the same percentage

recent abject failure to defend last year to £770m, has been

its home market - component

makers have come to by exports for the first time in

dominate world markets and are a decade. This narrowing of the

UK's biggest exporters of manufactured goods, in addition

to having established sub-

sidiaries or joint venture

companies in Europe, America, South America, and the Far

East. All the major European

vehicle producers have per-

manent purchasing offices in the

UK. One of the biggest, and

oldest, is Volvo, whose office is

in Birmingham. It keeps contact

with 225 British suppliers which

last year contributed some

£70m worth of products, bring

the British content of the

Swedish made vehicles to 25 per

cent. Volkswagen, the German

giant, spends nearly £15m, and

Renault, B.M.W., Fiat and others

incorporate significant amounts

of British designed or made

components in five years. He

recently that if the 1977

rate of increase of imports con-

tinued the motor industry

could become a net importer

of components in five years. He

rightly underlined the impor-

tance of this sector of the

industry's role in the country's

balance of payments, making a

net contribution of £700m a

year. But the prospects are

chilling.

It had seemed that the former

control that BL's new chairman, Mr. Michael Edwards,

was exerting would mark a

turning point in its fortunes.

But the recent Rover strike

does nothing to encourage that view.

Stoppages at component

companies in the Birmingham

area have also been to blame

for the poor showing of the

motor industry.

About half the 200,000

employed in the motor industry

suppliers work in the

Midlands, a high proportion of

them in Birmingham. It is clear

that the prospects of settled

employment for very many

Birmingham workers crucially

depends on a concerted effort

by the motor industry and its

suppliers, especially until the

tractor industry returns to full-

time working.

Peter Cartwright

Labour problems could lie ahead

Labour problems

could lie ahead

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Failures

Conflicts

Agreements

Disagreements

Compromises

Complications

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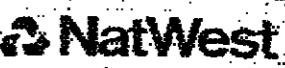
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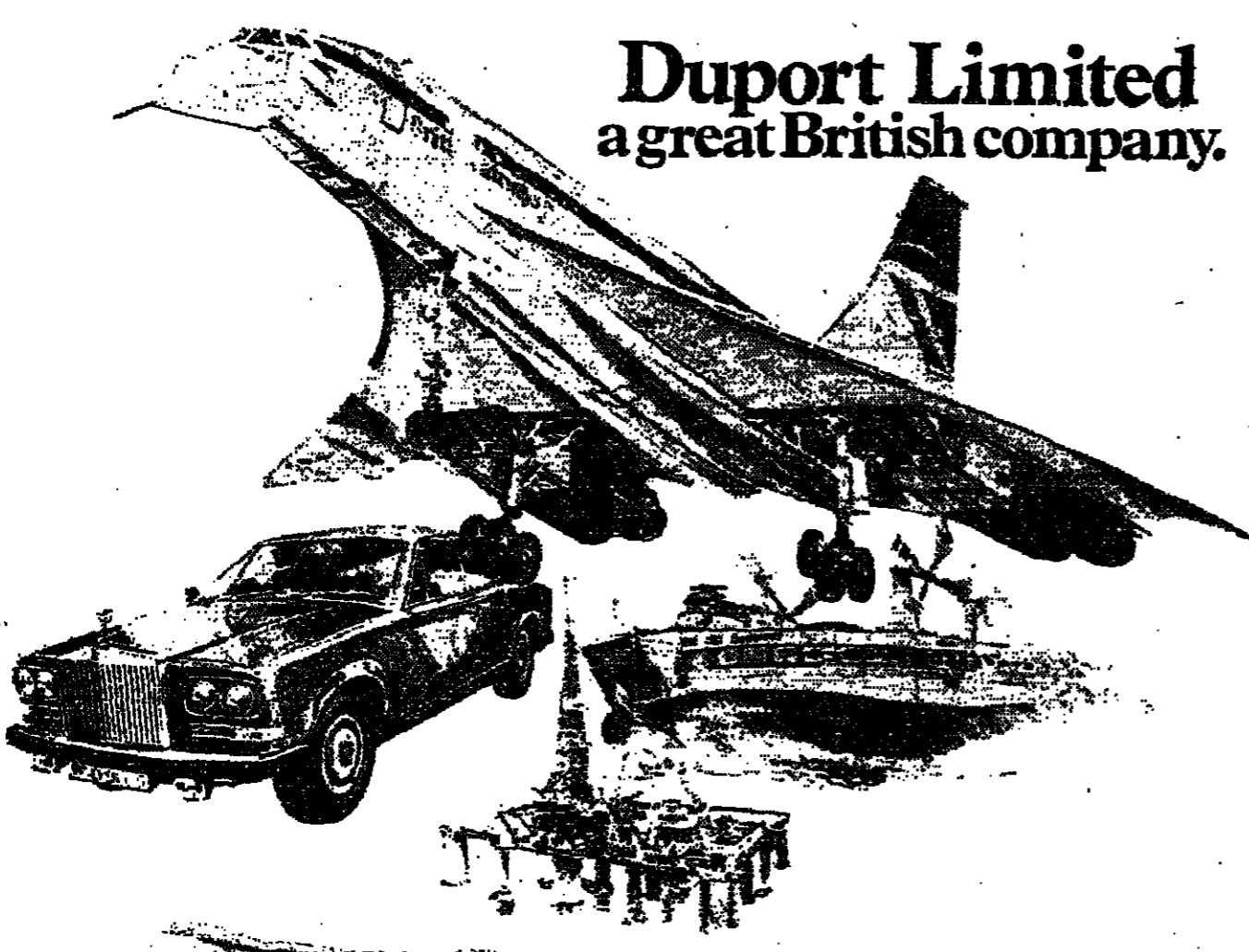
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BIRMINGHAM VI

Working out a policy to aid the small company

BIRMINGHAM CHAMBER of Council is to spend more than £1m on mini-factories. More uncanny habit of asking its than £2m has been allocated to members questions that pene, providing some 50 units at five sites, and three similar schemes in a way that no amount of are being studied. Nearly well-intentioned statistical exer- £200,000 is being paid for two properties in Aston and their to do. Not so long ago it dis- conversion into 18 small business units. A start has been made on reversing the massive city centre exodus of people and jobs.

It has given dimensions and practical application to the fair words and legislation from the Government, and real meaning to the "enterprise workshops" it is proposed to establish under the programme in 1979-82. In setting forth the aims the Government came clear and promised to lessen the burden of taxation, legislation and bureaucracy on small firms. The inner city Partnership project, which particularly needs entrepreneurs and small businesses to invigorate it. After a per- susive speech in which he promised to do something to limit the plethora of forums emanating from government departments, VAT and bad debts and other subjects calcu- lated to raise blood pressures.

It came to question-time and a small businessman offered his own well-spoken recipe: "Just get the Government off our backs Mr. Lever."

Complex

Everyone knew what he meant, of course, and it went down well. But in societies as complex as they have become government help is often needed.

The costs—and the penalties—of doing so (and failing) are too great for most people to bear. But the absence of the entrepreneurial spirit from the city centre has, as everyone can see, left a void and dereliction that will be hard to repair. The other day the councillors spent it out in hard cash.

The Partnership is a three- some of the West Midlands County Council, Birmingham City Council and the Government, with Mr. Reg Freeson, Housing Minister, as chairman. In its programme to breathe new life into old areas the

inner city Partnership Project (ICPP) came to the conclusion that the important criterion was an adequate supply of factory units in the 500 sq ft-3,000 sq ft range; refurbished factories in the same range; and every kind of unit in the quality range from the proverbial railway arches to high-class units in good environmental surroundings.

Other useful components in the overall small firms' package were felt to be general management training, equipping executives to deal with the problems of expansion, establishing training centres at co-operatives and helping potential entrepreneurs.

These kinds of conclusions and objectives stem from talks that have been held with various influential bodies concerned with local finance, the Employment Department and other government and industrial bodies in the process of

assembling a submission to the Lever enquiry on small firms. Some of the comments are fairly new but nonetheless import-

ant for they disclose the phone. A lot of it, as one would expect, comes from members of bodies like the Birmingham Chamber of Industry and the CBI, but equally it has been available from less likely sources like the universities.

Their function, generally, is to help lame-dogs over technical styles, but help can, and often does, extend to management aspects. The low cost information centre at Birmingham University is one such source. Part of the engineering production department under Professor Norman Dudley, it has been helping firms big and small for more than a decade.

It has been a sign of the times that over the past two or three years the number of calls on its services have declined. While the centre is biased towards smaller companies, it is the problem, rather than the company, that it tends to take on board. If a company has a special problem, well out of the everyday run, it can be dealt with by the centre. About 150-200 a year are dealt with and most fall into the inspection and quality control zones—firms having problems with dimension, gauging, or automatic assembly, and so forth. While many of the problems are regional, others come from other parts of the UK, so well known is the centre become. On occasions when the centre has developed a system or unit with a wider application the company concerned, or another, is licensed to make and market it worldwide.

Aston University, right in the centre of Birmingham, is even more closely allied with industry. The technical and planning services division, set up with a priming grant some ten years ago by the then Ministry of Technology, is now a self-supporting, non-profit making division. Although able to offer a range of services, including turning likely-looking inventions into prototypes, the emphasis is on management training and development. In the past five years the work has tended to settle down mainly to providing expertise in the fields of accounting, costing, budgetary control, and generally helping clients to present a case to bank managers. The division can equally help to improve production techniques to make the fullest use of resources, as well as to suggest marketing and export strategies. Again, like Birmingham University problems and help may be concerned with places as far away as Scotland or the Channel Islands.

An imaginative project, undertaken some three years ago, has been helping redundant executives to find employment. Under the "Loan a Brain" scheme sponsored by the Training Services Agency former executives, many of whom come from large companies, are put on to solving problems of smaller companies at training sessions. These mature students then go out to a company client, and for ten days study its working in depth and then make recommendations. This bringing of fresh, trained eyes to a familiar situation can normally solve the problem, but at the least it will enable the company to survive longer. And two out of three of these former executives later find jobs—in smaller companies. These two valuable specialist services are able to tap into the university and research establishment network to cut a corner—or get highly specialised help as, for instance, from Nottingham University, which

specialises in robotic devices; or entrepreneurs who have no manifold Production and thought through what seems to them a good project.

Sometimes the counselling service is called on to act as a kind of industrial Good Samaritan. One function of a small firm's information centre attached to the Department of Industry in Birmingham represents many of the near 1,000 enquiries a month it has in this kind of direction. Some 80 per cent of the enquiries come over the telephone and can be dealt with immediately, although some of those from manufacturing industry especially may need more detailed treatment. Of the 725 enquiries in May 37 were miscellaneous, 104 were concerned with management, 120 with government departments, 126 related to statistical information and the remaining 38 were for help on financial matters.

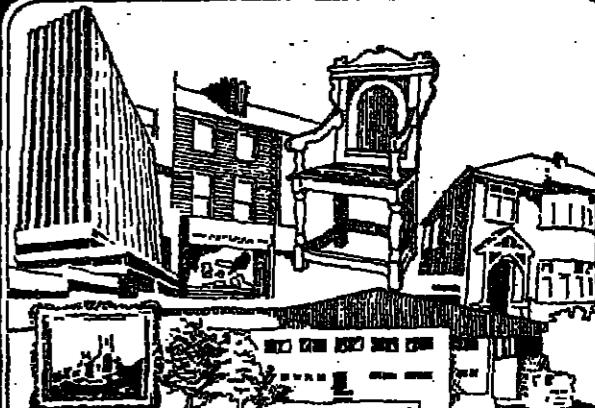
Counselling

Allied to the information centres are the new counselling services, which appear to be filling a valuable role in dealing with the one-man or very small concern. For while the Bolton definition of a small firm is 200 or fewer employees, most companies of 40 to 50 begin to have

a definable management structure, and this is the ones smaller than this who generally need most help—not only to point source, them along the road to success but also to head off would-be

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BIRMINGHAM

BIRMINGHAM VII

Improvements in public transport

WHILE NO ONE these days inflation, is £16.3m, with around expects to run public services £12m again for buses. The out-calls on the public purse are expected to be considerably below forecast through ensure that they are kept to improved efficiency. The Executive, which has the minimum in all but exceptional cases. Sheffield, for British Rail as its partner, example, has its heart set on a free public transport system. Birmingham, like the great majority, aims to provide an efficient service at prices people are prepared to pay, and, considering all the factors militating against it, Birmingham, or rather the West Midlands Passenger Transport Executive, is making encouraging progress. It will not ever be free from criticism for shortcomings, but a lot of effective effort has been put in to creating a flexible service that market research tailors as closely as practicable to neighbourhood needs.

The subsidy in the last financial year was £15.2m of which just over £12m was for buses. This compares with the 1976-77 deficit of £19.6m of which £17.1m was on buses. The PTE takes its forecast deficit as a financial target to be beaten and the decreased call on rate-payers is a measure of its success. In the current financial year the forecast deficit, allowing for pay increases and of requirements to services is an

unattainable objective, but they are met within the resources available—there are 2,500 buses and more than 80 diesel and electrical multiple units—with road and rail services being integrated as far as possible.

Solihull was one of the first commuter areas to have a "tailored" system. This included the first "dial-a-bus" scheme, which is now being modified. It was introduced because the area has a lot more telephones than other comparable suburbs. By dialling the headquarters it is still possible to have a bus at one's doorstep or driveway within ten minutes. Although the service, like a public taxi service, costs £2.00 a week to run, it has established routes which a remodelled service will follow to the general benefit of those in the catchment area and rate-payers in general. It has been a useful two-year experiment, held in terms of the traditional attitude of local authority councillors to loss leaders. The service is being replaced by conventional buses running pre-determined routes. Despite its lack of financial success, it provoked new thinking in an area that boasts as many large cars as in its Surrey counterpart.

Joining the car queue to the city in a £32,000 Rolls merely took it a short way to Dorridge or Solihull railway station, got on the city centre bus at New Street or Moor Street station and was deposited near his office all for 10p (as it used to be). This caused even well-heeled accountants to compare the costs. It is not revealed, however, whether the Rolls was left for the wife to drive.

Growing

It would be unfair to spotlight only Solihull. There have been a growing number of areas, like Chelmsley Wood, Yardley and Sutton Coldfield where the joint services have been improved. There are development schemes in the pipeline for Warley, Harborne and other Birmingham suburbs. Chelmsley Wood is a particularly vital area, a new town of 50,000 on which the National Exhibition Centre at nearby Bickenhill relies to draw many of its regular part-timers and full-time staff. Bus-rail interchanges have been introduced at Lea Hall and Marston Green on the line to Birmingham International (the NEC station) with a frequency of four trains an hour at peak times.

But by far the most ambitious rail, and besides stepping up the development, and one that has services the PTE will be operating itself within a few months, is the south-west to the biggest "park-and-ride" north-east rail link running scheme for motorists ever mounted in this country.

Novelty

Well over 1m people are expected during the 10-day show and 45,000 car spaces are being set aside within a 10-minute "park-and-ride."

The conjunction for the first time of the car and commercial vehicle shows, plus the novelty of holding the exhibition at the NEC could attract many more than 1m visitors. In any case it is clear that the motorway network which radiates from Birmingham is going to be under heavy pressure and the authorities have sensibly decided to suspend the roadworks on the Tyseley rail depot on which £1.1m has been spent, mainly on creating maintenance facilities for the three-coach multiple units.

Like every other organisation concerned with it, the PTE is having to make special arrangements for the duration of the Motor Show at the National Exhibition Centre in October. About one-third of those visiting

are from overseas industrialists and visitors are able to come to the show by air, and the airport authorities are preparing to deal with up to 300 company and charter planes a day.

"There may be some stacking," Mr. Bob Taylor, the airport director, warned.

Exhibitions have helped to increase the flow of passengers caused by a very much higher proportion of heavy lorries—and this year the total is expected to be around 50.5m compared with the £9.3m of 1976-77.

P.C.

Property market

BIRMINGHAM HAS swallowed modern space in Birmingham in a glut of office space for so can still be rented at bargain rates, well below any of the impossible that one can now begin to talk about a possible shortage on the horizon. But, now likely to be £2.50 to £3 with some important caveats, for air-conditioned space.

that is the fairest way to sum up the position which is now emerging.

At the beginning of the year local agents began to show a degree of returning confidence not seen since 1973. The glut of space was being nibbled at—an increasing pace—and more importantly in terms of confidence the lettings were to prime covenants at rates not too far from the asking price.

The caveats still applied, of course. First the base asking rents were very low—£1.50 often for modern space, sometimes even air conditioned. Secondly the pace of lettings was by no means sufficient to hold out hope that all the space built during the 1970s would be absorbed. It was becoming clear that some buildings would never let.

Six months ago this picture was still only a sketch. Now it is beginning to flesh out. By the year end a real pattern should have emerged.

The most encouraging signs are showing in the quarterly space survey of Edward Bigwood and Bewley, one of the major local estate agents.

The company distinguishes between the three clear districts into which Birmingham has divided as an office centre. At the end of June the picture of supply was as follows:

City centre 630,000 sq ft

Edgbaston 440,000 sq ft

Elmwood/Solihull 140,000 sq ft

The total—1.2m sq ft—is still enormous, particularly as it is largely accounted for in modern tower blocks no more than five years old. But compared with the 31m sq ft which was on the market 18 months ago it is little short of a miracle.

The take-up figures explain the dwindling in the supply. In the 12 months up to the end of June, according to the firm, some 410,000 sq ft was absorbed.

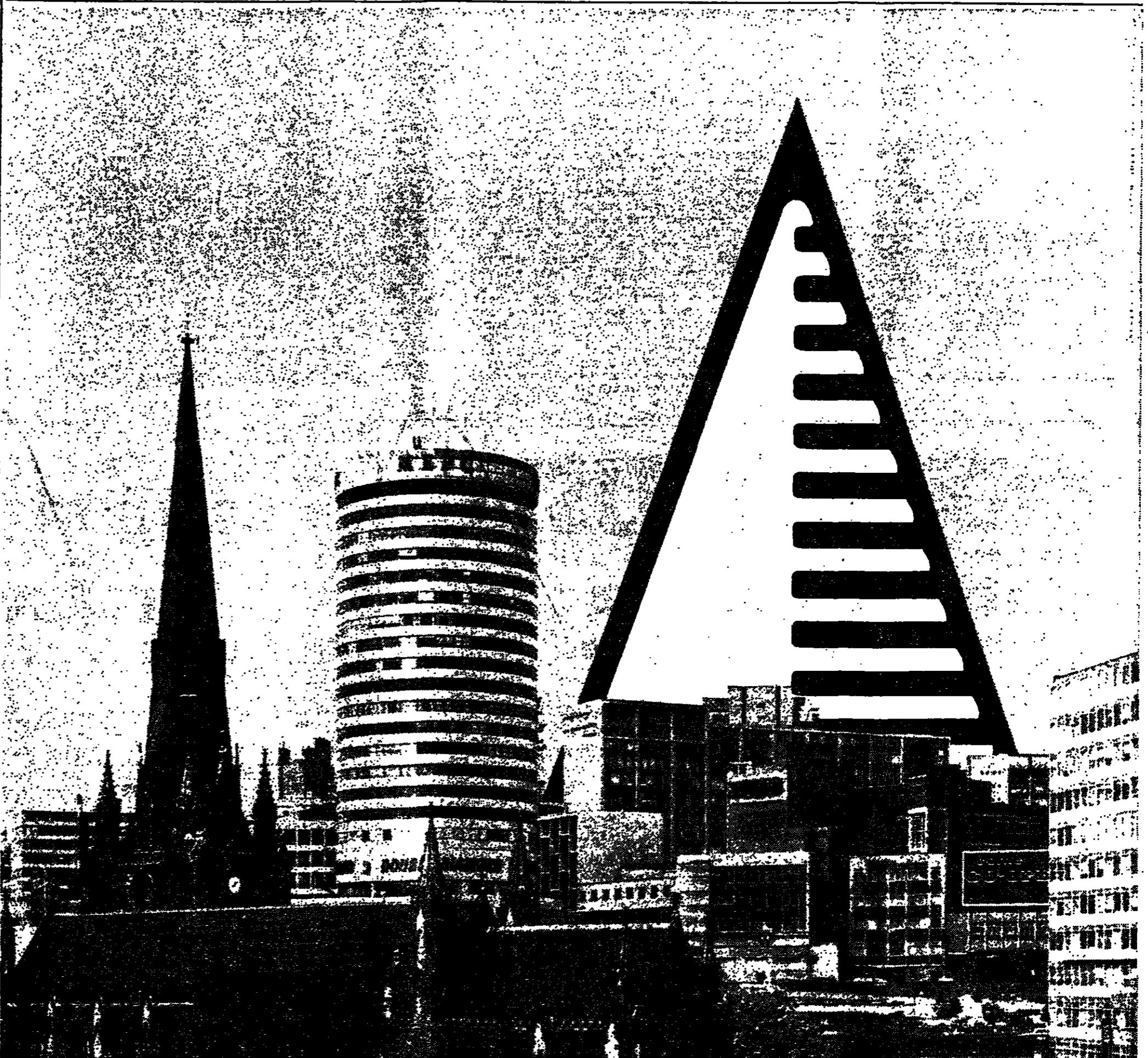
During the whole of 1977 the figure was 100,000 sq ft, being

explained by one or two unusually large lettings last summer. In the three months between March and June lettings amounted to a further 120,000 sq ft.

Where lettings are concerned, the tight financial area is leading the way—with rents of £4.50 (and sometimes above) being achieved in such blocks as the joint Bryant-Samuel Waterloo Court refurbishment. For the last six months or so the city has begun to attract banks to set up offices in this area. Keyser Lilman, for instance, opened a branch in April. Waterloo Court tenants include Algemene Bank Nederland, Hong Kong and Shanghai Banking Corporation and Banque Nationale de Paris.

The important point, however, is that over the past six months significant moves have occurred outside this central belt. The towers around the Inner Ring Road are also beginning to fill up—although according to some local agents, some of the buildings (because of their poor quality) will never let and should just be pulled down.

There are clear signs emerging that the days of rents of £1.50 are now past. Good



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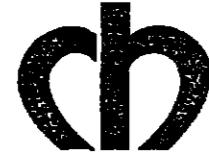


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BIRMINGHAM VIII

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IN MUCH the same way that on modernisation and renovation, the recent course of events in the nation's second city have reflected the general building programmes of any state of the economy, so have scale. Major new building trends in the UK construction market. Birmingham has always proved welcome boosts for the source of the whole nation's serve to underline the lack of industrial and business climate substantial construction can be tested and its latest trends around.

Overall industrial output has been disappointing and investment by companies has, as a consequence, been low. Spending by regional sections of Government Departments and by local authorities has reflected the central Exchequer cuts imposed in the wake of the country's economic ills. Unemployment in a region where lack of jobs has not been a traditional problem has been climbing too high for comfort.

It is hardly surprising, therefore, that as a direct consequence of the poor localised as well as economic performance, the civil engineering and building industries in the region have suffered accordingly.

Brighter

In short, the searching out and winning of building work in and around Birmingham has represented a challenging task and while the outlook may now be beginning to brighten up, no-one in the business expects easy or particularly profitable times ahead.

Domestic construction work generally has been hard to come by and one of the complaints of the smaller contractors, used to operating in a fairly localised area, has been the arrival on the scene of the larger building and civil engineering company. Many of them have been primarily concerned with keeping their teams of skilled and professional people intact and have been forced to look for the smaller packets of work in view of the scarcity of the larger type of contract best suited to their operations. The larger contractor's readiness in many cases to accept lower than normal operating margins has hardly endeared them to the smaller competitor, not that it has done much for their profit figures at the end of the day.

Much of the emphasis in construction work in and around Birmingham recently has been spot, however, then civil

engineering activity must represent the least encouraging aspect of the industry's fortunes. The cutback in the major roads programme—which has traditionally provided a major industry, though they also represent the barometer with which the whole nation's serve to underline the lack of industrial and business climate substantial construction can be tested and its latest trends around.

Industrial and warehousing development, for so long in the sewerage and water schemes, it is ironic that a significant portion of the roads contracts available now and in the near future around the Birmingham area represent nothing more than remedial works on motorway and major trunk routes built only a few years ago and now desperately in need of repair.

Birmingham itself does not form the home for many of the UK's major building and civil engineering operations, though many of the smaller contracting operations are based in the region. Two of the industry's major names do, however, work out of Birmingham, though they have grown to such a size that their original market place now only accounts for a small portion of their turnover.

Robert M. Douglas, perhaps

best known for its work on the National Exhibition Centre, now operating on the outskirts of Birmingham, is a good case history of a construction group that has grown during hard times at home, largely by expanding abroad.

Another major name in the civil engineering sector with Birmingham as its home base is the Bryant Group, which has been operating in the region since the last century. Of comparable size to Douglas, Bryant has not so far ventured as far afield as its local competitor, though it has formed a Saudi Arabian company jointly with Sheikh Abdul Aziz Al-Saleh and is now engaged in contracts in that market.

Bryant has not been receiving the best of publicity in recent months, arising out of the trial and imprisonment of corruption charges of one of its directors and two former directors. The group recently announced, however, that C. Bryant and Son is appealing against the £425,000 fine imposed on it while the three men have lodged appeals against their sentences.

A statement, which underlined the strength of the group and said the outlook was good, Australia and New Zealand. Not emphasised was that Bryant Holdings all the successes have been found not guilty on all

Vigorous

The company had pushed up turnover from £24m in 1972 to over £70m in 1977—a fall from the 1976 peak of £75m—largely by pursuing a vigorous expansion and diversification programme.

Douglas, which also

recently completed ahead of time a ten-mile stretch of the M42 Birmingham-Nottingham motorway, has along with many other contractors been persuaded to seek work in the world's developing regions. It is involved on a 10,000-homes complex in Cairo and has been busy establishing overseas subsidiaries in such locations as Saudi Arabia, Egypt, and the United Arab Emirates to cope with the future assembly and management of contracts.

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SOCIETY TODAY

One-seventh of a good report

WE WILL never have a better social security system in Britain unless we redesign the whole of it from scratch — and even then it may not be possible. The latest proposals for reform of the supplementary benefits scheme, which is a small if hideously expensive part of the whole, are thus unlikely to succeed in either of their two principal aims, the first of which is to give better service to the poor, and the second of which is to contain the cost of doing so.

In saying this I have no criticism to make of the proposals themselves. These come in a "workmanlike document" from the Department of Health and Social Security, which set up a team of officials to review the system of payment of what was once known as "national assistance" and is now called "supplementary benefit". The document is clearly written and well-argued. It does not give the appearance of pulling any punches and, indeed, it is more robust than its equivalent might have been if it had been turned out by a well-balanced committee of outsiders.

What is more, its publication represents an exercise in exposing the main arguments to public debate that those of us who complain about secrecy in government can only welcome.

When a report of this kind refers without apology or mitigating phrase to the scheme's "voluminous instructions which cannot be fully assimilated or applied" or to "growing dissatisfaction among claimants and staff alike," or to "inability to use computers to help with the more repetitive tasks," then it is using the kind of language that makes serious-minded discussion between civil servants and those whom

they are paid to serve possible. None of this, however, makes up for the principal deficiency of the exercise, which is its incompleteness. Six years ago total spending on social security accounted for just a fifth of total public expenditure, excluding debt interest. Today the proportion is moving rapidly towards a quarter. Taken at 1977 prices, the actual spending planned for this year is around £14bn, on retirement pensions, invalidity benefit, child benefit, sickness and unemployment payments, and all the other bits and pieces of social security that go to make up the welfare State (that is, before you start talking about rent and rate rebates, or the national health service, or...).

Of that £14bn, no more than £2bn is spent on the supplementary benefits scheme, and it is on that one-seventh of the social security system that the report from the DHSS officials is concentrated.

They cannot be blamed for sticking to their terms of reference (and indeed they seem to have made valiant efforts to stretch those terms as far as they could be taken), but the trouble is that we live in a climate of opinion in which re-examination of one-seventh of the problem is simply not good enough. The increasing reluctance of wage earners to pay the necessary taxes has been signalled to us from two sides now — first by the Danes, whose tax revolt under Mr. Mogens Glistrup a few years ago put all West European politicians into a brown study, and, latterly by the Americans, who are demonstrating the damage that a powerful wave of fiscal conservatism can do to the language that makes serious-minded discussion between to notions of welfare. (The system of supplementary benefit payments.

If the necessarily narrow assumptions right?" is the most important of them all. Professions in the business of social conservatism is not yet strong enough in this country to overcome our civilised desire to "need" and "resources" and provide pensions, the poor, the unemployed, and the sick with a decent standard of living, or at least one that can be officially defined as such.

Where the challenge from

the new wave of anti-tax feeling

unwieldy Supplementary Benefits Commission as more or less given, and set out the options for trying to make it work better. The essence of their argument is that the tailor-made service (a little extra for coal here, a special grant for clothing there), which was designed to cope with small numbers of people, cannot effectively be administered

when there are 3m claimants receiving benefit in any single week.

This should not be misunderstood. A re-examination of first principles might just as easily result in the conclusion that social security is not generous enough to most of its clients as to the possibly more popular conclusion that it is already too generous and should be cut back. In fact we can see from a quick glance that the verdict would be mixed: too generous to some (students, young single claimants?) and not generous enough to others. The important point is that we need a clear exposition of the best set of principles that British society would adopt in the 1980s not a system based on a wartime design that was founded on memories of the 1930s.

The contrary view might be, "yes but all past attempts to come up with something better have failed because they are too expensive — see the reverse income tax scheme and its allied proposals." This may well be true; and it might also follow that any wholesale re-examination of social security might produce nothing more encouraging. My point is that the attempt should be made: this Labour Government, with its deep inbuilt conservatism, has not even tried.

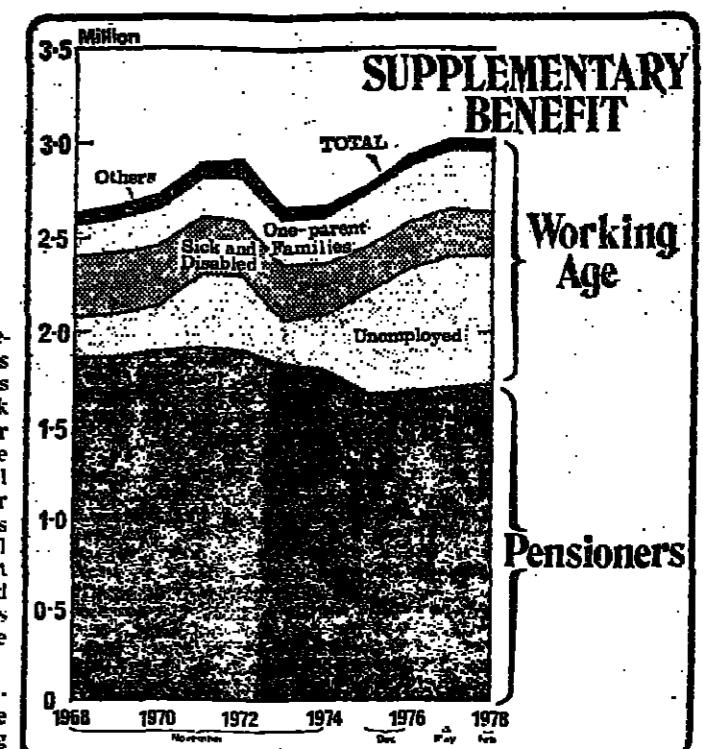
Against such a background

the DHSS officials have not done long-term. They take their readjusted.

Again the question "are the

all that bad? They take their

readjustments.



Another immobile simplification would be for the Supplementary Benefits Commission to shed the burden of paying rent. The Government could arrange this by reformulating the present system of rent and rate rebates, plus all the other forms of housing subsidy. DHSS officials are less effective in this matter than they are in others, because the whole subject is now being studied across the departments.

One option is a single income-related housing allowance. As with all matters of housing, this might help some, but it would probably have to leave some others worse off if it were not to be prohibitively expensive. This no doubt accounts for the present unfortunate reticence on the subject.

A further easing of the administrative burden might be to replace the existing discretionary allowances by single, and inevitably higher, rates. The last time this was done the result was higher rates, plus the discretionary allow-

ances (which soon crept back). Perhaps that lesson has now been learned.

It will be seen from even this short account of the new review of Supplementary Benefits that the connection between the present scheme and the rest of our welfare system is so close that it cannot properly be ignored. One great saving that could be made in public expenditure would be to spend less on council housing, a policy which would include the extraction of more in rent from those who could well afford to pay. It is by no means axiomatic that the revenue thus made available would be given back to the taxpayers; it could as easily be diverted to more pressing areas of need elsewhere in the system; to, say, the disabled or families on low incomes. But before such changes can be made we need a broader study.

Social Assistance. A Review of the supplementary benefits scheme in Great Britain. DHSS, July 1978.

Joe Rogaly

Letters to the Editor

Funding Gilts

From Mr. A. Ellinger

Sir.—Once again experts are advocating the sale of Gilts-edged stocks by tender and once again other experts are saying that this would be an unsatisfactory solution of the funding problem.

I wonder if my family experience is relevant? The American crisis of 1907 provoked a widespread default by the Chinese textile dealers in Shanghai. Nothing of this kind had occurred before in that port and the importers there and their exporting counterparts in Manchester were faced with a severe problem for the disposal of the goods which had previously been ordered. There was one import house which had for many years been selling cloths by auction and in this new crisis two others followed this example. All this happened 20 years before I entered the business and I am naturally not cognisant with the details. As far as I know the main goods sold were white shirts and black tencian twills. At so early a date there may still have been sales of grey cloth, especially as one of the auction houses certainly at a later date had mills in Shanghai. The compradores of the importing houses kept in close touch with the dealers and the importers cleaned from their reports sufficient information to determine the quantities and qualities to be sold at each auction.

Is the problem of the Bank of England in disposing of Gilts Edged now so different from that which faced the Manchester importers and the Shanghai importers in 1907? When it comes to a matter of satisfying a market for short Gilts so different from grey cloth, medium Gilts from whites and long Gilts from the blacks? The objection that the sales might go into the hands of some banks does not seem very grave; is there anything at the moment to prevent the banks from buying top issues?

Surely what is wanted is a technique which enables the vendor to control his volume of sales but saves him from the embarrassment of fixing the price.

The system which was introduced to overcome a crisis lasted in the case of my family business for 20 years.

A. G. Ellinger,
Investment Research,
28, Panton Street, Cambridge.

A choice of freedoms

From Mr. M. Brady

Sir—I was much interested to read Mr. Eyres' description of Mrs. Thatcher's Conservatism as "monetarist, free market [and] immigration controlling" ("Right-wing Tory voices fear over Heath return," July 12).

Mr. Eyres is one of the more intelligent Tories yet he contradicts himself in less than a dozen words. A free market implies the absence of restrictions on the individual's choice of trading partners yet immigration control constitutes just such restrictions. I trust that Mr. Eyres will have resolved the contradiction in favour of personal freedom by the next time he speaks.

D. W. Pearce,
Department of Political Economy,
University of Aberdeen,
Edward Wright Building,
Dunbar Street, Old Aberdeen.

Industry and universities

From Mr. R. Jackson

Sir.—With reference to Mr. Todd's letter of July 7, I would like to make a point concerning graduates with purely academic backgrounds.

Your article also presented a group of companies as "the venture capitalists" when several of them require a history of minimum profits which puts their investors above the strict definition of "venture capital". On the other hand there are companies outside the group, who are probably more directly involved in supplying at least some types of venture capital.

Particular problems in this field are the reluctance of most small business financing institutions to give active management assistance to their investments.

and the shortage of institutional sources willing to provide full risk sharing finance for the very small start-ups, partly because they will not undertake the necessary marketing research and appraisal.

Christoph von Lutitz,
Capital Partners International,
Westland House,
17 Curzon Street, W.1.

Delays in the mail

From the Managing Director,
Bryant & Stratton Instruments

Sir.—The recent correspondence concerning the postal delays was published during the time in which I was carrying out a survey of delivery times of letters received in this Company.

Over the last 2 weeks we have received over 700 letters by second and first class and overseas post (these do not include obvious mail shots or letters

GENERAL

Prime Minister and other Cabinet members discuss imminent White Paper on pay policy with TUC General Council.

Unemployment figures (July, provisional).

Two-day meeting between

Egyptian and Israeli Foreign Ministers opens at Leeds Castle, Kent, chaired by Mr. Cyrus Vance, US Secretary of State.

ECC considers the Community budget, Brussels.

U.S. Government holds third of six monthly gold auctions.

British Gas Corporation annual report.

British Airports Authority annual report.

Today's Events

Prince of Wales visits fishing industry at Hull and Grimsby.

Lords' amendments. Guillotines on Wales Bill.

House of Lords: Statute Law Repeals Bill, committee. Employment Protection Bill, report stage.

Iron and Steel (Amendment) Bill, third reading. Homes Insulation Bill. Employment (Continental Shelf) Bill, and Parliamentary Pensions Bill, committee. Community Service by Offenders Bill, report stage. Civil Liability (Contribution) Bill, second reading.

Devonshire House, Piccadilly, W.1.

12. Parkland Textile, Leeds, 12.30.

Time Products, Connaught Rooms, W.C. 12. Westpool Investment Trust, 120, Cheapside, E.C. 4.

COMPANY RESULTS

Final dividends: Birmingham, 12.

Mint: Brotherhood (Peter); Hong

Robinson Group; Illingworth

Morris; Jones Stroud (Holdings);

Magnet and Southern; Systone; Thor

Electrical Industries.

COMPANY MEETINGS

Adda International, 83, Chiltern Street, W.1, 11.30. Bankers' Department Trust, 77, London Wall, E.C. 2, 2.30. Continuous Stationery, 65, Eaton Place, S.W. 1. Dawson International, Edinburgh, 11.45.

Land Securities Investment Trust, Devonshire House, Piccadilly, W.1.

12. Parkland Textile, Leeds, 12.30.

Time Products, Connaught Rooms, W.C. 12. Westpool Investment Trust, 120, Cheapside, E.C. 4.

Whitbread, Chiswell Street, E.C. 12.

Our vetting system is so strict, 95% of our applicants won't wear it



As part of the largest total security company in Europe and the world, Group 4 provides the most comprehensive and up-to-date range of services available.

From personnel to equipment — from start to finish — we accept only the highest standards.

Our Vetting procedure is so stringent that 95% of the people we interview never make the grade.

Those who do are subjected to what is, without a doubt, the finest Training Programme in the business.

And for three months after that, they're only on probation!

When it comes to buzzers, bells, master control systems and all the rest of the sophisticated equipment we need to do our job, we're even tougher.

We can't afford to take any chances. So we design, develop and manufacture it ourselves.

And we don't put our name on it until it's satisfied a Quality Control routine so stringent that the ratio of 'testing' personnel to those involved in manufacture is almost 1/1.

If we've learned one thing after 70 years, it's this...

If there's the slightest risk involved, we just won't wear it.

How about you?

group4
TOTAL SECURITY

Giving the world a sense of security

Member of Security and Fire Services Association of Britain



Standard Chartered



Comments by the Chairman, The Rt. Hon. Lord Barber

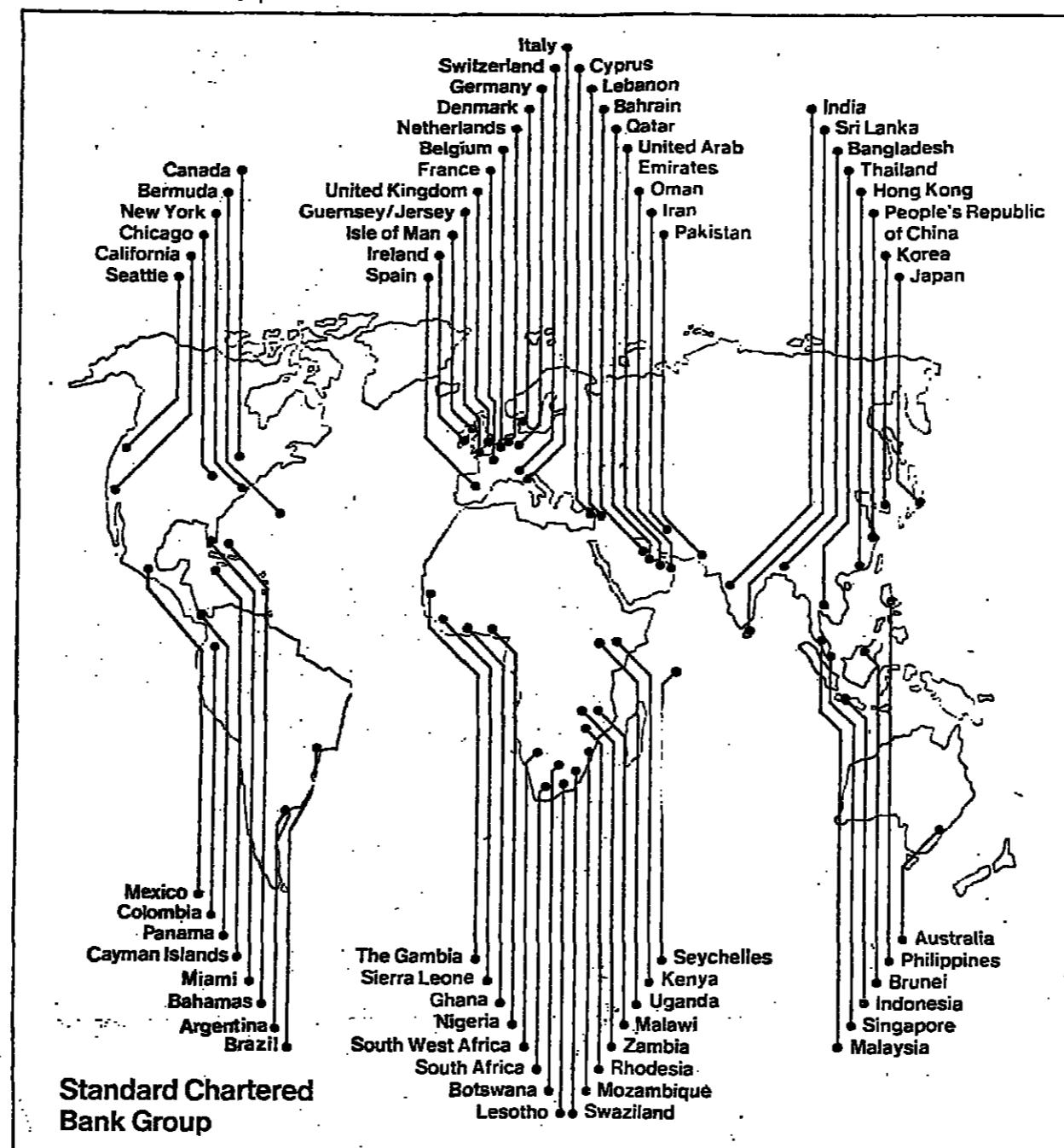
GROUP RESULTS

The trading profits of the Bank and its subsidiaries for the year ended 31st March 1978 were £107.2 million and the Bank's share of associated companies' profits amounted to £18.9 million, giving total profits before taxation and extraordinary items of £126.1 million. This compares with £109.9 million in the previous year. Earnings per share amounted to 78.9p against 69.9p last year. At the end of March total Group assets stood at £8,494 million, compared with £7,653 million a year earlier.

When judging the results for the year it should be borne in mind not only that the economic climate in which the profits were earned was in general unfavourable, but also that, compared with last year, overseas earnings in sterling terms were reduced by the appreciation of the pound.

GROUP STRATEGY

The prime objective of our Corporate Strategy is to strengthen our position as a leading international bank and we are doing so by expansion in present and potential growth areas, extension of existing networks and the acquisition and establishment of new subsidiaries. We are concentrating on those activities in which we have proved our ability to succeed, namely commercial banking. In the course of the year the Bank and its subsidiaries opened or acquired a further 61 offices in various parts of the world, and we have increased our capacity to provide ancillary financial services.



More recently, shareholders will have seen the announcement of the agreement in principle for the acquisition by Standard Chartered of the business and assets of Union Bancorp in California, the main subsidiary of which is Union Bank. This is the most important development since the Standard Bank and The Chartered Bank joined forces just over eight years ago. The merger of our existing subsidiary in California with Union Bank will give Standard Chartered a substantial dollar based business in a major growth area. It will also improve the strength and balance of our worldwide banking operations.

STAFF

It may come as a surprise to some to learn of the size of the Standard Chartered family. At the end of 1977 employees of the Bank and its subsidiaries numbered 41,828.

The Group has in its constituent parts employees of all races and creeds, and wherever we operate throughout the world our policy is to create conditions for advancement on merit.

THOUGHTS ON STABILITY

I should like now to turn to a matter of direct concern to Standard Chartered, namely the free, or relatively free, pricing of currencies. Having had experi-

ence from a government standpoint with both fixed parities and floating rates, I have no doubt that the floating system is to be preferred. The world has in general been spared the very large speculative flows and harmful periods of suspense experienced under the fixed parity system while an official seal was being put on rate changes already foreshadowed on the markets.

Yet in terms of steadiness the floating system leaves much to be desired. Shifts in the view taken of currencies have generated understandable and legitimate attempts among dealers and businesses to anticipate market reactions, and their predictions have often been self-fulfilling.

In Europe, governments now have an opportunity to move towards agreement on a policy of constructive stabilization. The recent proposal of the West German Chancellor that there should be a partial pooling of official reserves within the European Economic Community with a view to more powerful and concerted intervention in currency markets points the way forward.

Some may view action of this kind as presaging moves to full Economic and Monetary Union. This is to place vision above practicality. The type of co-operation which I have touched upon, realistic in its aims and within the reach of governments, could contribute much to the confidence of the international trading and financial community.

**Total Assets exceed £8,400m
Total Deposits exceed £7,900m
1,500 offices in 60 countries
around the world.**

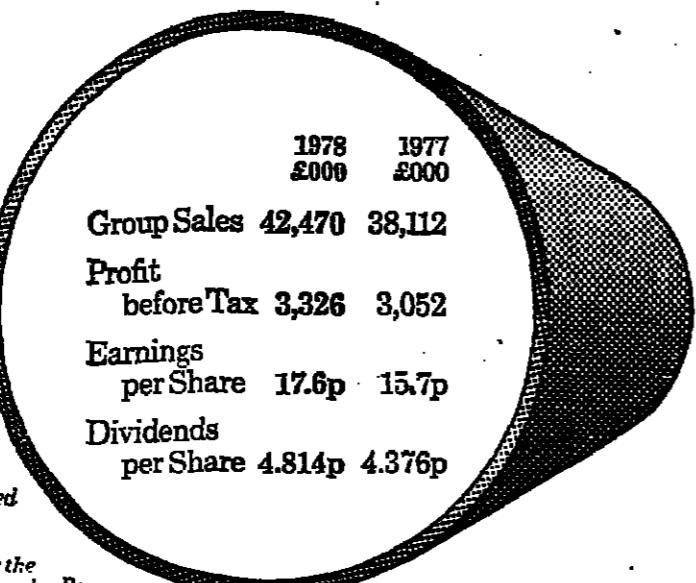
Copies of the Report and Accounts and of the Chairman's Statement may be obtained from the Secretary, 10 Clements Lane, London WC2N 7AB

Standard Chartered helps you throughout the world

BROWN & TAWSE

LIMITED

'Record Results for ninth successive year'



Points from Statement, circulated with the Accounts, for the year ended 31st March 1978, by the Chairman, Mr. S. Douglas Rae:

* "Worldwide recession in Steel now entered its fourth year."

and ready availability of steel, tube and plastic products held nationally."

* "Despite this, overall tonnage sales in line with previous year."

I anticipate that, in spite of depressed state of the economy, we shall again produce good results in the ensuing year."

* "Strength derived from very wide range

of acquisitions announced yesterday is claimed to be the fourth biggest U.S. manufacturer of forming fabrics, used in paper production while Hamilton makes gaskets, pipes and other products for the sewage and water supply industry.

BTR is forecasting joint sales of \$32m (£10.5m) and after tax profits of \$2m (£1.1m) for its two new acquisitions in the current year.

The Worcester Controls bid, however, is the major plank in the group's expansion plans of the U.S. which it has not yet undertaken for some time. Last year U.S. sales of £22m were just 13 per cent of total group sales of £241m.

On current projections American sales could double as a result of the recent takeover moves there. The British group already has acceptances representing 47

per cent of Worcester Controls' share of the market. The bid will include that due under an option to acquire in 1979 the outstanding 4 per cent, is payable over the next 18 months and is dependent upon the level of Electroscale's profit before tax in 1978 and 1979.

The net assets of BTR's American-controlled subsidiary could be increased by around £25m from the current level of £33m as a result of the three deals.

Lindsay Wire—the larger of the two acquisitions announced yesterday—is claimed to be the fourth biggest U.S. manufacturer of forming fabrics, used in paper production while Hamilton makes gaskets, pipes and other products for the sewage and water supply industry.

Electroscale is a four-year-old company specialising in micro-electronic technology. The company currently produces a range of products for switching, connecting and recording industrial and commercial processes.

On October 31, its net tangible assets were U.S.\$501,731, and pre-tax profits were U.S.\$490,900 for the half-year to April 30, they were U.S.\$397,000.

The maximum cash consideration for the acquisition of the whole of the issued ordinary shares of Electroscale is U.S.\$5m. An initial payment has been made of U.S.\$2.5m. The rest of the consideration, which

Tillings' is Fluidrive's board has received acceptances covering only 31,220 shares. Tillings' managing director, Mr. P. M. Meaney, said the extension was a strategic move designed to keep options open.

But while its Fluidrive hopes are fading, Tillings' is actively chasing alternatives in the U.S.

At least one industrial transaction acquisition is expected to be

made before the end of this year and there is a possibility that two or three bids will be made

in order to establish a broad transmission product range.

Now, both Davy and Monk look forward to the opportunities the market creates for joint ventures.

Monk struggled unsuccessfully for

Board representation on Monk's

mechanical engineering

projects.

One of the ironies of the

transaction is that where Saint

Piran struggled unsuccessfully for

Board representation on Monk's

mechanical engineering

projects.

Not all yesterday's news from Monk, however, was cheerful.

whose earnings would provide a

good return on Davy's cash.

Liberty Life & Guardian merger speculation

BY RICHARD ROLFE

JOHANNESBURG, July 17.

THE LISTINGS of Liberty Life and Guardian Assurance are after five years of exceptional suspended in Johannesburg to encourage growth. Even this forecast is based on the assumption that there will be no merger. Guardian Assurance holds 52 per cent of Liberty Life, or 50 per cent of the shares of the two companies. Having increased its interest over the past six months, and the Royal Exchange, which holds about two-thirds of the shares.

Liberty Life ranks as the third largest life assured in South Africa, after the Royal and Mutual and Standard. Total assets at December 31 last were R522m and shareholders' funds R69m. Guardian Assurance, while consolidating Liberty Life's figures, also ranks as the third largest short-term insurer.

Guardian Assurance has recently completed the purchase of 1.67m shares in Liberty Life, equivalent to 15.2 per cent of the equity. Of these, 1.27m were acquired from Manufacturers Life and 400,000 from the Bank of Sun Life of Canada at prices between 900 cents and 1,000 cents per share. Liberty Life shares before suspension stood at 1,200 cents, capitalising the company at R130m, while Guardian Assurance at 200 cents was capitalised at R106m. Its shareholdings in Liberty Life was worth R107m on these prices.

JAS. FINLAY & SEA FORTH

The offer documents from Jas. Finlay for Seaforth Maritime, the offshore service group, contains a forecast that profits from Seaforth will not be less than those for 1977 (R700,000 per tax).

The news is accompanied by profit figures for the first five months of the year, which at R31,000 are 10 per cent lower than for the comparable period last year.

Compared with the modest forecast this suggests that Seaforth be submitted.

BROOKE BOND LIEBIG EXPANDS MEAT DIVISION

BUTCHERS, the leading company

within Brooke Bond Liebig's UK meat division is to take a 35 per cent stake in the livestock sub-

division of Favor Parker

animal feed group.

The subsidiary, which has

concentrated on pig breeding

with pig production currently at

30,000 a year, is to be renamed

Baxter Parker.

Brooke Bond will provide a

medium term loan of £250,000 to

the new company. Baxter's with

its major abattoir in Northampton

has a chain of over 400 retail

butcher shops.

WILLOWS FRANCIS

With over 86.4 per cent of its

4.2 per cent preference capital

acquired by Guinness Peat

Group the listing of this

class of Willows Francis shares

has been cancelled at the

company's request. Application to

make specific bargains in the

security under rule 163 (2) may

be submitted.

It is for this reason that no dividend is recommended this year.

My sadness at losing Austin & Pickersgill

is well known to you. We note that the interim payment of £52m, received on

account compares favourably with the

amounts awarded in respect of the other

nationalised shipbuilders and this indicates

that the authorities recognise the special

merit of our case. It would not be in your

long-term interest if I were to disclose the

total value that we put on our claim, but I

can tell you that the interim payment of

£52m is but a fraction of the total figure

we are looking for.

There has been some improvement in both

tanker and dry-cargo freight rates since the

end of the financial year, but it is too early

to say whether, or not these improvements

are likely to be of a lasting nature in relation

to the vessels of our fleet. I am firmly of the

view that the future probability of LOF

depends mainly on the favourable

times in depression—and I think we may

have a couple more years of this to endure

tanker losses are substantial, but when rates

do improve to a profitable level it is surprising

how small an incremental improvement in freight rates can produce an enormously increased profit.

May that day not be as far away as most

experts predict!

8 BALFOUR PLACE, PARK LANE, LONDON, W1Y 6AJ.

Copies of the Annual Report for the year to 31st March, 1978 and the full text of the Statement by the Chairman, Mr. Basil Marveion, of which the above is an extract may be obtained from the Secretary.

Change of name:

THE FEDERATED TRUST AND FINANCE CORPORATION LIMITED

to

FEDERATED TRUST CORPORATION LIMITED

Investment Bankers—Established 1925

1 Love Lane, London EC2. Telephone 01-606 8744. Telex AVINCO London 886730

And now
for more
good
news

Chairman W. S. Whittingham is able to report:

"Our order book stands considerably higher than at this stage last year and I am confident that pre-tax profits for the year 1978 will exceed the £4.4 million recently reported on a maintained turnover."

And we can make this promise:

"As soon as the future of dividend restraint legislation is clarified your Board will re-examine its dividend policy with a view to substantially increasing the level of dividends."

The report also reveals that Monk's turnover increased to a record £71 million during the last financial year. And the good news is that the value of contracts in hand totals up to an all time best of £93 million. These now undertaken all over England, Wales and Scotland and many of them are in the multi million-pounds brackets. They include major projects for the Department of the Environment (P.S.A.), Department of Transport, Water Authorities, Local Authorities, British Rail, National Coal Board, Shell (U.K.) Limited and Shell Chemicals (U.K.) Limited, ICI, Masseys Ferguson, Unilever, British Leyland, British Gas Corporation and Regional Gas Boards.

Monk

Copies of the Annual Report are available from the Company Secretary, A. Monk & Company Limited, Green Lane, Warrington, Cheshire.

BIDS AND DEALS

Two further purchases takes BTR U.S. spending to £29m

BY ANDREW TAYLOR

BTR, the British engineering group, has paid \$10.3m to acquire two further U.S. companies—Lindsay Wire and Hamilton Kent—liftin

its potential spending on U.S. acquisitions to more than \$35m (£29m) in just over a month.

The group last month launched a \$4.5m bid for Worcester Controls, the U.S. sales company.

Lindsay Wire—the larger of the two acquisitions announced yesterday—is claimed to be the fourth biggest U.S. manufacturer of forming

fabrics, used in paper production while Hamilton makes gaskets, pipes and other products for the sewage and water supply industry.

Electroscale is a four-year-old

company specialising in micro-

electronic technology. The company currently produces a range of products for switching, connecting and recording industrial and commercial processes.

On October 31, its net tangible assets were U.S.\$501,731, and pre-tax profits were U.S.\$490,900 for the half-year to April 30, they were U.S.\$397,000.

The maximum cash consideration for the acquisition of the whole of the issued ordinary shares of Electroscale is U.S.\$5m. An initial payment has been made of U.S.\$2.5m. The rest of the consideration, which

will include that due under an option to acquire in 1979 the outstanding 4 per cent, is payable over the next 18 months and is dependent upon the level of Electroscale's profit before tax in 1978 and 1979.

The net assets of BTR's American-controlled subsidiary could be increased by around £25m from the current level of £33m as a result of the three deals.

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Davy buys Piran's

Financial Times Tuesday July 18 1978

27

Vickers da Costa seeks branch status in Japan

Vickers da Costa, the London brokering concern, is understood to have applied to the Japanese authorities for permission to raise the status of its existing representative office Tokyo to that of a branch. Vickers is likely to extend the four licences it is holding in Japan, to trade in securities for its own account, trade in securities as an agent, underwriting and distribution of new securities issues, and the sale of securities as a member of syndicates.

Assuming that Vickers receives the four licences, it will become the third foreign securities firm to be licensed to do securities business in Japan, the other being Merrill Lynch, securities of the U.S., which gained the status in 1972, and ab Rhodes, of the U.S., which is so in 1974.

Mr. Ralph Vickers, chairman of Vickers da Costa, said in London which he is preferred not to comment on the matter.

It is believed that Vickers will participate in underwriting Japan, but not as a manager; this basis, the minimum capital which would be required a proposed branch would be £60m (£324,000).

It is an open secret in Japanese financial circles that Vickers recruited a staff and has been planning a move to a w office in order to meet Japanese legal requirements as to number of staff and floor space appropriate for a branch.

BAT OFFSHOOT
Group profit before tax, of British-American Tobacco improved from £190m £191m in the half-year ended March 31, 1978, on a turnover of

BOARD MEETINGS

The following companies have made arrangements to meet their shareholders for the purpose of declaring dividends. Official indications are not available whether dividends concerned above will be paid and the dividends above will be based mainly on last year's timetable.

Interims: Bodhi Engineers, Hugo Robinson, Melville, Investment Trust, Finlays, Bunningham Mart, Peter Brether, Philip Harris, Illingworth Morris, and K. Johnson-Richards, Tides Jones, St. John's, and Gossards, Synchro, Thorn Electrical Industries, Western Board Mills.

FUTURE DATES

Appleyard Group Sept. 18

CSC Investment Trust Sept. 21

East and Colonial Inv. Trust Sept. 19

Taylor Woodrow Sept. 20

Finlays Sept. 21

Davy International Sept. 22

Finlays Sept. 23

PMC Sept. 24

General Engineering (Radcliffe) Sept. 25

Harts (Furnishers) Sept. 26

Howard Tewson Services Sept. 27

Rossall Sept. 28

St. John's Sept. 29

Thorn Electrical Industries Sept. 30

Western Board Mills Sept. 31

£2.67m (£2.46m). The attributable turnover emerged at £90m (£85m). In a recent report on the financial results of this Bar Industries offshoot the figures which were incorrectly given, in thousands.

At half-time, when there was a deficit of £185,349, against a deficit of £188,211, the creditors were confident, because sales had been below budget for three months they said profit would not reach the earlier estimate of £1m.

Otherwise, the outcome was broadly in line with expectations.

Mr. Derek Coombs, the chairman, says: "At the moment, there was a tax charge but there was a lot of the line non-recurring loss of £668,951 largely in respect of the final stock write-off from the retail credit division."

Because of the change in the mainline trading activity of the group to primarily consumer turnover at £16.42m is not strictly comparable with the previous £9.48m.

Though the group is now trading profitably the directors do not feel it right to pay a dividend on the preferred ordinary and ordinary shares. Mr. Coombs says: "The last ordinary payment was net interim of 56p/55p in 1975-76 when there was a surplus £158,000. The preference dividend costing £8,400, will be paid in the normal way.

The forward order position at Braby Leslie is "not unsatisfactory," Mr. Eric R. Izod, the chairman, says in his annual statement, although the subsidiaries the order books are not at the high levels enjoyed in the recent past.

He points out that profit margins on forward orders, which in many cases have to be accepted at fixed prices, will not be helped by the recent proposed increase.

Braby Leslie Ltd

Mechanical and Civil Engineers

A New Record

Year to 31st March

1978 £'000 1977 £'000

Turnover 31,376 23,659 + 33%

Profit before taxation (1977 - after charging £271,000 for losses of

Cable Lines Ltd.) 2,390 1,515 + 58%

Net Profit after taxation 2,007 1,221 + 64%

"Gross" dividend per share 7.9545p 6.9231p + 15%

Earnings per share 23.8p 17.7p + 34%

Net tangible assets per share 89.6p 70.2p + 28%

Points made in his statement by the Chairman, Mr. Eric R. Izod:

1977-78 was a highly successful year for the Group. Every subsidiary was profitable.

Braby Group, including Auto Diesels, again made the largest contribution to Group profits.

George Leslie, despite severe weather conditions in Scotland, achieved an all-time record profit.

Acquisitions enabled us to extend our mechanical engineering product range and to rationalise marketing and manufacturing activities.

Export sales rose by 61%. New acquisitions, Briggs, Pwyer and Edghill are now contributing to the Group's export performance.

Unpredictable factors make it difficult to forecast, but the forward order position is not unsatisfactory. The Board will strive for continued progress through internal growth and acquisition.

A one-for-five scrip issue is proposed.

Copies of the Report and Accounts may be obtained from the Secretary, Braby Leslie Limited, Cowley Mill Road, Uxbridge, Middlesex UB8 2QG.

Brickhouse Dudley

PROFITS PASS £2 MILLION

- A memorable year with sales of £21 million and profits exceeding £2 million.
- 70% rise in value of goods exported to £4.2 million.
- Exports now over 20% of group sales compared with 6% in 1975.
- Maximum permitted dividend. Earnings per share up to 30%.

I would be disappointed if first half profits were not ahead of last year's. The current trading period has certainly started on a happier note and I have every confidence the company will continue to make further progress this year.

Michael Huxtable,
Chairman and Chief Executive.

Year to 31st March 1978 1977 1976

£'000 £'000 £'000

Sales 21,051 18,128 16,988

Profit before tax 2,020 1,587 1,599

Ordinary Dividend (gross) 3.54p 3.22p 2.92p

Earnings per share 6.55p 5.04p 5.12p

There are commitments for capital expenditure amounting to £632,000. The estimated total capital expenditure for the remainder of the current financial year is £2,112,000.

Dividends were declared for the half-year ended 30th June, 1978.

From 11th April, 1978, payment for gold production at the official price plus premium on market sales distributed monthly was replaced by payment at the market price. The non-recurring balancing payments resulting from the change-over did not require for the current quarter which is therefore not comparable with past or future quarters.

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Real progress possible at Associated Newspapers

IF THE Government contains wage rises it would be possible for Associated Newspapers Group to maintain earnings, but in order to make real progress it is necessary for there to be a general increase in productivity, say Lord Rothermere, the chairman, formerly Mr. Vere Harmsworth.

Though group earnings from trading in 1977/78 improved to £11.16m (£7.94m) its involvement in North Sea oil showed a loss of £669,000, compared with a £1.92m surplus the previous year. This was a direct result of a fall in the rate of production from the Argyll Field.

Also, because further exploratory drilling on other licence areas was disappointing full production, amounting to £2.26m, has been made in the latest round against the company's spending in those areas proving unproductive. This cut the group net investment in the North Sea to £1.3m (£4.24m).

During the year the company spent £8.1m on fixed assets and capital commitments amounted to August 10 at 10.30 am.

StanChart to strengthen

Lord Barber, the chairman of Standard Chartered Bank outlines the group's strategy in his annual statement as being to strengthen its position as a leading international bank. He says the group is doing so by expansion in present and potential growth areas, extension of existing networks and the acquisition and establishment of new subsidiaries.

Examples are the acquisition of Commercial and Farmers National Bank in California, the taking of a minority interest in Mutual Acceptance in Australia and the strengthening of its merchant bank in London.

"We are concentrating on those activities in which we have proved our ability to succeed, namely commercial banking, and are reducing our involvement in non-banking activities. The sale of the Belgian and Group accounts and disposal of various minority interests were part of the rationalisation. At the same time it is extending the range and effectiveness of services.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding date for year	Total for year	Total last year
Bootham	int. 4.5	Sept. 4	0.25	—	9.25
Dewhurst and Partner	int. 2.28	Oct. 31	3.75	15.47	—
M. Kenshaw	int. 38	Oct. 6	1.75	3.5	2.75
Manson Finance Trust	2	Oct. 2	0.19	—	0.39
Meggit Holdings	int. 0.22	—	—	—	—
M. L. Meyer	int. 2.97	—	2.83	4.67	4.17
Alfred Preedy	int. 2.28	Sept. 15	1.01	2.55	3.2
Rank Organisation	int. 4	Nov. 2	2.19	—	80.4
Rothschild Inv.	15.5	Sept. 19	4.14	7	5.5
Status Discount	int. 2.01	Sept. 5	0.65	—	4.06

Dividends shown per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. [†] On capital increased by rights and/or acquisition issues. [‡] Based on 33 per cent ACT charge. [§] To reduce disparity.

MINING NEWS

Harmony Gold has a bumper quarter

BY KENNETH MARSTON, MINING EDITOR

A NOTABLY good June quarter has had to lean on State aid again, the western Kimberley. Each net profit increase of 77 per cent of R12.4m (£7.5m) is reported by group's mines are compared in joint venture. The current Barlow Rand group's the following table:

	Jan. 1978	Mar. 1978	Dec. 1977
Barlow Deep	1,330	1,600	1,277
E. Rand Ftr.	1,575	1,721	1,185
Harmony	12,442	7,928	2,623

† After receipt of State aid.

As with the other South African gold mines, a large part of the company has had to lean on State aid again. The current mining and uranium production is at an advanced stage and further operations are planned during the next three months.

With the other South African mining and uranium production is at an advanced stage and further operations are planned during the next three months.

At the same time, however, Harmony has raised its gold production in the past quarter and earned more from uranium sales. Ore reserves are now estimated on the basis of the value of total the gold and uranium content of the various orebodies. Previously they were assessed on the value of the gold content alone.

The new system recognises the fact that when uranium is taken into consideration that is unpayable on the basis of its gold alone becomes a paying proposition. Latest ore reserves are estimated at 17.78m tons with a value of 7.8 grammes gold and 0.174 kilogrammes uranium per ton with a gold price of £170 per ounce.

A year ago the ore reserves based on the gold value alone (of \$140) were estimated at 13.19m tons grading 9 grammes gold and 0.19 kilogrammes uranium. Mr. A. C. Petersen, the Harmony chairman, pointed out that year that as mining operations progressed and known low-grade gold areas and the new uranium plant comes into operation the new method of valuation will have a "significant" effect on the calculated ore reserves.

In other words, the growing importance of Harmony's uranium sales is extending the life of the plant which now comes into the long category. So, too, is the rising gold price which, as the past quarter's results show, is making its impact on the profits of this big producer of low-grade gold ore.

The final dividend for the year to June 30 was an above forecast 30 cents (making a year's total of 55 cents) and higher payments are on the cards for the current year.

After a good March quarter, Brixcoor has again done well with increased gold production and a notable reduction in costs per ton of ore milled. Recovering from the effects of its flooding early this year the marginal Durban Deep has made a useful profit before State aid in the past quarter.

St. Alberta is to acquire a major iron ore deposit in Montana covering approximately 1,500 acres, which contains total estimated reserves of 160m tons 80m tons of which are proven reserves, with an average iron content of 28 per cent. This acquisition follows the recently-announced acquisition of rights to the Peace River iron ore deposits and gives the company an immediate source of iron to complement the longer-term potential of Peace River.

Australia's Magnet Metals, Lennard Oil and Western Queen Properties have lodged applications for 103 mineral claims for new per 50 share. Last year, a gold as a result of decline in its already low recovery grade and Valley and surrounding areas in £100,000.

GREAT PORTLAND ESTATES

Basil Samuel, F.R.I.C.S., Chairman and Managing Director, reports on the year ended 31st March, 1978:-

* GROSS RENTAL INCOME £8,068,983— UP 12% FROM £7,191,470.

* NET REVENUE PRE-TAX £4,103,913— UP 54% FROM £2,665,524.

* EARNINGS PER SHARE 8.2p— UP 49% FROM 5.5p.

* SCRIP ISSUE OF 1 FOR 2 PROPOSED.

Copies of the Report and Accounts may be obtained from the Secretary at

Knighton House, 52-66 Mortimer St., London W.1. Telephone: 01-580 3040.

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

Placing of £3,000,000

LONDON.

BOROUGH OF WANDSWORTH

Variable Rate Redeemable Stock 1983

Price of Issue £99 per cent.

Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange £300,000 of the Stock is available in the market on the date of publication of this Advertisement and until 10 a.m. on Wednesday, 19th July, 1978.

Particulars of the Stock have been circulated in the Excel Statistical Services Ltd., and copies may be obtained during usual business hours from 18th July, 1978, until 31st July, 1978, inclusive from

Pemberton & Boyle,

30 Finsbury Circus, London EC2P 2HB

VOEST-ALPINE AG LINZ/AUSTRIA

BALANCE SHEET AT DECEMBER 31, 1977

Assets

	US \$	US \$		
Current Assets			Current Liabilities	
Cash	134,816,032		Downpayments made by customers	127,910,630
Marketable securities	14,877,260		Accounts payable	192,384,235
Notes receivable	4,595,700		Accounts payable to subsidiaries	23,882,549
Accounts receivable	414,267,273		Short-term bank debts	189,458,166
Accounts receivable from subsidiaries	237,711,566		Drafts payable and promissory notes	14,297,019
Inventories, downpayments made on account	537,876,914		Other current liabilities	615,123,125
Other current assets	53,500,041	1,397,644,786		
Fixed Assets			Long-term debt	
Land, buildings	297,127,626		Loans	337,430,222
Machinery, operating and office equipment	638,517,312		Other long-term debts	539,546,611
Plants in course of erection, downpayments for plants	53,558,225			
Interests	191,182,520			
Other assets	38,714,100	1,219,099,783		
Net-loss			Provisions	
Surplus brought forward	1,231,369		Equity capital	196,250,000
Loss for the year	1,464,779	233,410	Legal reserve	88,429,500
			Voluntary reserves	127,750,000
			Evaluation reserve due to special depreciation	266,659,271
			Provision for severance pay and pensions	295,285,750
				974,374,521
				2,616,977,979
1 US \$ = 65 16,—				

Profit and Loss Account 1977

	US \$
Operating revenues	1,770,995,005
Operating expenses	
Employment costs	576,382,829
Cost of materials used and other expenses	1,132,740,543
Depreciation	93,534,121
Interest	21,393,962
Loss before extraordinary items	-53,055,450
Result from investments	-5,130,978
Extraordinary result	+12,034,149
Draw on voluntary reserves	+44,687,500
Loss for the year	-1,464,779

Important Data on VOEST-ALPINE Combine

	1976	1977
External sales (in US \$ million)	2,638	2,819
Number of employees (dec. 31)	81,125	80,047
Output (in 1,000 tons)		
Crude ore	5,784	3,449
Pig iron	3,318	2,965
Crude steel	4,211	3,838
Rolled steel	3,089	2,948
Investments in fixed assets (in US \$ million)	213	156

INTERNATIONAL FINANCIAL AND COMPANY NEWS

French steelmakers planning co-operation

BY DAVID WHITE

TWO OF France's leading steel companies, Usinor and Châtillon-Neuves-Maisons, the main steel-making operation of the Châtillon group, are planning to step up their co-operation in the crisis-hit regions of northern France and Lorraine.

Usinor and Châtillon are, respectively, number one and number four in the French steel industry in terms of output. They currently employ about 47,000 people, and last year produced 9.5m tonnes of steel between them, showing a turn-

over of FFr 12.5bn and losses of FFr 2.6bn.

The two companies are to study possibilities for the better use of their current and planned production facilities over the next three months. Châtillon-Neuves-Maisons has decided to suspend

construction of a FFr 400m

interchange of materials in the

said that official aid had been

pegged to harmonisation of

their activities overlap both two group's investment efforts.

Usinor has a steelmill at Thionville. Chatillon one at Neuves-Maisons and both have plants at Nordest-Longwy and the main

voice in Châtillon, will

Usinor, which produced 8.3m tonnes of steel last year, is

of the two dominant French com-

panies in the making of heavy

and medium plate and sheet

steel. Châtillon-Neuves-Maisons

specialises in stainless and mild

steels,

Usinor is also associated with the Châtillon group's cable

reconciliation between the two

groups. There is speculation that

Usinor might as a result pull

out almost entirely from the field

of long steel products, while

Chatillon would reinforce its

position in specialised fields.

Usinor, which produced 8.3m

tonnes of steel last year, is

of the two dominant French com-

panies in the making of heavy

and medium plate and sheet

steel. Châtillon-Neuves-Maisons

specialises in stainless and mild

steels,

West German companies less profitable

COLOGNE, July 17.

NET profits of West German companies trail those of companies in four other major industrialised nations, according to the Institute of the German Economy (IWE), a business-supported research group.

On the basis of statistics from the major industrialised nations, IWE said that after-tax profits as a percentage of equity capital averaged 8.8 per cent for German companies in the period 1970-76. In other industrialised countries, the percentage was 12.5 per cent for Canada, 11.8 per cent for the U.S., 9.7 per cent for Japan and 9.7 per cent for the U.K.

Companies whose names yielded less than West Germany included Switzerland with 7.1 per cent, Netherlands with 7.1 per cent, France with 4.8 per cent and Italy with a negative 4 per cent.

As a percentage of turnover, West German companies yielded sharply lower after-tax profits with 7.7 per cent. Yielding more than German companies in this basis were Canadian (5.7 per cent), U.S. (5.0 per cent), British (2.8 per cent), Swiss (3.5 per cent), Dutch (2.6 per cent) and Japanese companies (2.3 per cent).

Foreign dividends received by

Rise in Swiss franc hits Sandoz turnover

BY JOHN WICKS

TURNOVER of the Swiss-based

Sandoz group was lower by 7.8

per cent in the first half of 1978

than during the corresponding

six-month period of last year.

According to the parent com-

pany, the Basle chemical and

pharmaceutical concern Sandoz

AG, this drop from SwFr 2.44bn

to SwFr 2.25bn (181.24m) was

due exclusively to the deteriora-

tion of foreign currency

exchange rates in relation to

the Swiss franc.

But for the translation losses

of Swiss franc income, which

totalled SwFr 314m for the first

half, turnover would have been

up by 12 per cent to a record

level, says Sandoz. The ex-

change-rate situation also had

a noticeable effect on group

income for the period, it noted.

In terms of Swiss francs, the adverse weather conditions, and group's agrochemicals sector showed what the parent under-

taking calls an impressive growth of 18.4 per cent, to

SwFr 161m against SwFr 136m division sales levels rose in

for the January-June period, almost every important market

when measured in local currencies. Sandoz said.

Meanwhile, a report prepared

by the Union Bank of Switzer-

land in Zurich states the prospec-

tics for the Swiss chemical in-

dustry are rather unfavourable.

Production and turnover are

seen as likely to stay unchanged

or even show a slight decline in

1978, despite a modest anticipated rise in the pharmaceuticals

sector: divestments business is ex-

pected to continue to fall off.

Profits are considered likely to

be marked in increase in those

of pharmaceuticals, cosmetics

and toiletries.

An indication of this is given

by the fact that while export

volumes went up 14.2 per cent

over the first five months of 1978,

their value rose by only some

2.4 per cent to SwFr 3.61bn.

Exports of divestments and agro-

chemicals dropped in the

January-May period, while there

was a marked increase in those

of pharmaceuticals, cosmetics

and toiletries.

ZURICH, July 17.

Globinvest cuts payout after setback

BY OUR OWN CORRESPONDENT

THE international securities fund were reduced by the profitability of the Pacific-Invest Fund, Globinvest, an affiliate of the Swiss franc exchange Fund for securities in the Pacific area remained satisfactory, interest income rising while dividends were booked.

At the same time, unchanged dividends of SwFr 1.60 and SwFr 1.60 per unit for SwFr 3, respectively, are to be distributed by the UBS funds for the financial year ended June 30, 1977. The number of bargains booked dropped over the same period from 43,109 to 37,579, writes John Wicks from Zurich.

Basle SE turnover

TURNOVER on the Basle Stock

Exchange totalled SwFr 10.49bn

in the first half of this year, and

was thus down on the figure of

SwFr 11.03bn recorded for

January-June, 1977. The number

of bargains booked dropped over

the same period from 43,109 to

37,579, writes John Wicks from

Zurich.

ZURICH, July 17.

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Slow first quarter for EOE trading

By Charles Batchelor

AMSTERDAM, July 17.

TRADING VOLUME on the European Options Exchange (EOE) averaged 765 contracts a day in the first three months of operation, or something over 10 per cent of the estimated break-even level. The average number of contracts in April was 740, rising to 773 in May but falling to 750 in June with the approach of the holiday period.

Actual levels of trading were 12,326 contracts in 18 trading days in April, 15,486 in 20 days in May and 16,821 in 22 days in June. Open interest on June 30 was 16,840 contracts. Between April 5 when the EOE started trading and July 3, the number of options listed rose from nine to 24.

Involvement by institutional and personal investors is on the increase, with 46.5 per cent of contracts traded for these classes of investor in June compared with 38.5 per cent over the three months as a whole.

The Dutch option classes accounted for 75 per cent of the contracts with Philips the most active at 13,054. It was followed by KLM with 8,826 contracts, although this was not introduced until May 29. U.S. options accounted for 10,525 contracts, followed by General Motors and IBM.

The three UK stocks, which have been affected by problems in gaining access to underlying prices and the existence of the rival London options market, accounted for only 645 contracts—less than 1.5 per cent of the total.

Fresh support by Bundesbank

By Jeffrey Brown

OFFICIAL SUPPORT for the West German bond market continued yesterday with the Bundesbank buying some DM 245m in domestic paper. The central bank has now been "in the market" for over DM 1.5bn in the past six full days trading.

Deposits have risen sharply from 976 ringgit in 1973 to 642m ringgit last year. So have advances and loans, which increased from 642m ringgit to 745m during the period. Similar progress is also shown in earnings with pre-tax profits rising progressively from 1.7m ringgit in 1973 to 11.2m in 1977.

The transformation began two years ago, when Sir Henry's younger son, Mr. Alex Lee, took charge of the bank.

There was a restructuring and injection of fresh capital, with Maly interests taking a substantial stake in D and C. From six branches in 1976, it has extended its network by another eight, and plans to open more. Deposits, which stood at 29m ringgit in 1975 rose to 52m last year, and are expected to reach 83m this year. Like the UAB, it has undertaken major recruitment, and at the same time held down the expansion in this area by redeployment.

The growth is reflected in earnings. After-tax profits last year were 1.23m ringgit compared with 947,000 ringgit the previous year.

Other changes include reorganising its subsidiary Golden Castle Finance Corporation, and renaming it D and C Finance. The subsidiary made a meagre profit of 75,000 ringgit last year, but a much better showing is expected from it in future.

MALAYSIA

The local banks begin to stir

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN-OWNED banks are financial resources. Before we known for their conservatism, expand again, we must build a small size and parochial base, a core of experienced personnel which explains why the most profitable businesses have Indian expatriate officers with traditional been in the hands of us, but they will have to of the few foreign-incorporated banks. Even today, 21 years' Pichai. Last year, the bank which is controlled in employment of Indian expatriates by the Government, Malaianisation recruited an extra 200 staff. Increased salaries alone will slow down profit growth.

The bank will embark on 18m ringgit development next year, when construction of 15-storey headquarters building begins. The site is on prime land in the banking and shopping district of Kuala Lumpur which UAB bought from Robinson Singapore for 5m ringgit two years ago.

Unlike most banks, UAB is a home with the Bank Negara. directives on lending to certain priority areas, such as agriculture, and Malay businesses. In Malaysia, banks are required to allocate 23 per cent of their advances to priority areas.

UAB has a special animal husbandry section with veterinary surgeons and agricultural specialists to assess and advise on loans and projects.

The bank is particularly proud of its jewellery experts, and here faces up to a typical Eastern situation with advantage. An Asian family may need urgent cash for a wedding

WORLD STOCK MARKETS

Profit-taking pares fresh Wall St. advance

INVESTMENT DOLLAR PREMIUM

\$2.60 to \$1.1061% (104%) Effective \$1.3800-49.1% (47.7%)

MOST OF a fresh initial advance on Wall Street yesterday was lost late in the session when profit-taking took its toll.

The Dow Jones Industrial Average, after last Friday's advance of 13 points, rose further to 1045.38 before reacting to close a marginal 0.7 down on the day at 1039.65. The NYSE All Common Index was finally a net 10 cents higher at \$30.92, after regaining \$3.70, while it held just a narrow lead over declines in the close of \$0.1 to \$0.1. Turnover further increased to 20.18m shares from last Friday's level of 19.87m.

Hopes of a reduction in capital gains tax, which contributed to the stock market's strength last week, together with a continuing spate of bullish second-quarter corporate earnings reports, were factors spurring share prices further upward yesterday.

However, analysts said that investors began to show caution later in advance of today's Federal Reserve Open Market Committee Meeting, and the stock market will be watching for hints of new policies.

The Bonn summit meeting produced little incentive for investors, analysts added.

IBM, which reported higher earnings on Friday and moved as high as \$270, yesterday finished 11 down on the day at \$268.

Ford and General Motors showed fractional losses despite a forecast by Ford of record 1978 car sales.

NEW YORK

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FARMING AND RAW MATERIALS

Hay quality poor' after rainy spell

Our Commodities Staff

MAKING has started again many parts of Britain following delays caused by bad weather. However, the quality of the crop has suffered, the Ministry of Agriculture reports in its week's review of the state of farming.

Many crops have suffered the rain and are of poor quality, it says.

Conditions of silage are being

recovered well and the crop is recovering again after silage.

The Ministry also reports that U.K. grain harvest should within the next seven to 10 days. First crop to come in will be winter barley which, owing to silage, is in the most advanced condition.

Ministry survey

that total stocks of grain held on British farms at the end of May were about 6 per cent as the same in the two previous years.

The results for England and

Wales are shown about 2.75 per cent of the 1977 wheat crop

united, together with 1.5 per cent of the barley and 6 per cent of the oat est.

Emergency' in Florida's cigar industry

NEW YORK, July 17.

RIDA sugar producers have

summed up to the U.S. Department

Agriculture for help in

dealing with an "emergency" in

storage of raw sugar.

A letter to USDA's pro-

ducers' spokesman said

four warehouses of four

companies were full to

city of 332,000 short tons.

It added that the Florida

industry was unable to sell at

current prices and had no space

left output from the new

crop.

A correspondent in Kingsto-

n's Jamaica's current sugar

is running 17,700 tons

and last year's due mainly to

an prolonged strike earlier this

year which closed down most of

the island's factories.

It has said that the island

was able to meet all its exports

including 120,000 tons for the European Com-

ity.

There is some concern, how-

ever, about the sucrose content

of the cane. Some factories are

as many as 13 tons of cane per

ton of sugar.

IMMODITY MARKET REPORTS AND PRICES

BASE METALS

PER-Week on the London Metal Exchange in the absence of the short strike which has delayed the market.

Reports of the possibility of another short strike and stoppage

and resumption and charter and stop

STOCK EXCHANGE REPORT

Late boost imparted by deferral of special deposits
Share index up for fifth successive day—Gilt also riseOption
Account Dealing Dates

*First Declaration Day
Dealing Day
Jan. 26 July 6 July 7 July 18
July 10 July 21 Aug. 1
July 24 Aug. 3 Aug. 4 Aug. 15
New "X" dealing may take place
from 9.30 a.m. two business days earlier.

Lacking guidance still about
dividend controls, equities seemed
reluctant for a while yesterday to
extend last week's upturn
although weekend comment on
Friday's trade returns, coupled with
the measure of agreement
reached at the Western Economic
summit in Bonn, underpinned a
continuation of the firm trend.

There was also interest in a
disposition to swap developments

in today's Government TIC

talks. Just after noon, however,

a small demand, thought to be at
first professional short-covering,
nudged values forward at each

subsequent calculation of the FT

Industrial Ordinary share index.

A further injection of en-

couragement came in the shape

of the payment of the £11.5m

of the £11.5m of special

deposits amounting to 1

per cent of eligible liabilities

which were due to have been paid

next week. At the final count, the

index was 4.9 higher at 479.3, its

best closing level for over two

months. The broad-based FT

shares All-share index gained

0.5 per cent to 210.11.

Gilt-edged securities had also
made gradual progress with the
emphasis on the longer maturities,
the shorts being held in check by

extremely tight money conditions

in money markets. Little more

was gained after hours on the

special deposits announcement

and late in the day quotations
began to drift back from the

highs. The longs finally recorded

rises of 1, after 1, while the most

active issues at the short end

of the market were the two clear

stocks, Treasury 3 per cent 1981

and the identical coupon maturing

in 1982.

A modest late demand for in-

vestment currency underpinned the

market and few sellers were

operating, partly in view of the

late easier rate for sterling. The

premium thus rose fairly quickly

to 107 per cent before settling a

net 33 points up to 106.1 per cent.

Yesterday's SE conversion factor

was 0.6732 (0.6763).

Business in Traded Options got

off to a brisk start and yesterday's

total of 884 contracts (464 by mid-

day) is the best figure for a

Monday since trading began on

April 21. Over 50 contracts of the

contracts were dealt in three

stocks with ICI leading the way

with 193 followed by Grand Met,

179, and Marks and Spencer, 110.

Banks firm again

Recording modest gains of a few

per cent at the 2.30 pm house close

the major clearing banks had

fresh headway on the announcement

of a two-month postpone-

ment in the recall of special
deposits. Barclays closed 6 to the
good at 332p and Midland ended
5 better at 385p as did NatWest, at
232p. Lloyds, scheduled to start
the interim dividend season on
Friday, edged forward 2 to 282p.
Improvements of 5 and 6 respecti-

vely were seen in Bank of
Scotland, 238p, and Allied Irish,
200p. Among Merchant Banks,
Schroders moved forward 10 to
410p and Anthony Gibbs put on 3
to 44p. Hire Purchases made pro-

gress with Lloyds and Scotia up
10p and UDT a penny dearer
at 43p.

Insurers passed a quietly firm
session. Royal added 9 to 378p and
General Accident 8 to 216p
among Composites, while Sun
Alliance put on 6 to 518p. Among
Brokers, Brentnall Beare at 30p,
picked up 2 of the recent fall
which stemmed from news of the
Lloyd's of London inquiry into the
company's involvement in a
dispute which led to a dispute between
the Sasse syndicate and a
Brazilian reinsurance group.

A modest two-way business in
Breweries left prices little
changed. Guinness were notably
firm at 182p, up 3, while marginal
improvements were recorded by
Scottish and Newcastle, 631p, and
Whitbread, 94p. Elsewhere

Press comment led to a slight
harder at 143p, while Press
comment helped GEC and 250p before closing 3 harder on

a penny to 289 following a week-
end Press mention.

Pilkington good

Miscellaneous industrial leaders
ended at the day's best with
sentiment helped in the later
part by the postponement of the
payment of special deposits.
Pilkington was particularly good
and put on 6 to 36p, while MEPC
added 3 to 271p and English
anticipating more marketability in
the shares when they go ex the
100 per cent new-issue next
month. Unilever put on 8 to 540p
and Metal Box hardened 4 to
326p, while Beecham, 670p, and
Glaxo, 359p, improved 3 apiece.

Afternoon publication of the
interim figures failed to touch
the Rank Organisation which touched
GEC and 250p before closing 3 harder on

also found support at 77p, up
5, while J. Waddington hardened
2 to 192p, the latter following
Press comment on the company's
move into television games by
the acquisition of Videomaster.

Leading Property shares showed
mixed at the day's best with
sentiment helped in the later
part by the postponement of the
payment of special deposits.
Pilkington was particularly good
and put on 6 to 36p, while MEPC
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100 per cent new-issue next
month. Unilever put on 8 to 540p
and Metal Box hardened 4 to
326p, while Beecham, 670p, and
Glaxo, 359p, improved 3 apiece.

Afternoon publication of the
interim figures failed to touch
the Rank Organisation which touched
GEC and 250p before closing 3 harder on

a weekend Press mention. Roth-

mans, however, gave up a like
amount at 365p following recent

Press comment on the company's
move into television games by

the acquisition of Videomaster.

Harrison's Malaysian Estates
closed 4 better at 116p in sym-
pathy with a rise of 13 to 525p
in bidders Harrison and Cross-
field; the latter now has accept-

ances which, together with its

existing holding, gives it 30.76

per cent of HME.

FINANCIAL TIMES STOCK INDICES

	July 17	July 14	July 13	July 12	July 11	July 10	July 9
Government Secs	70.50	70.36	70.08	69.88	70.11	70.22	70.02
Fixed Interest	71.49	71.88	71.79	71.77	71.88	71.99	72.12
Industrial Ordinary	479.3	474.4	473.5	472.5	467.3	465.2	460.0
Gold Mines	161.5	160.6	160.0	160.1	160.8	162.8	161.8
Oil, Div. Yield	5.56	5.60	5.56	5.66	5.66	5.66	5.51
Banking,Y10/20/30/40	16.86	17.01	17.00	16.93	17.16	17.57	17.62
P/I Ratio (Year 1)	7.92	7.85	7.84	7.85	7.75	7.70	7.62
Dealing marked	4,521	4,172	4,061	4,372	4,672	4,884	5,02
Equity turnover £m	70.76	81.71	81.22	87.41	90.19	91.71	92.62
Equity bargains total	15,735	17,543	18,287	19,386	19,544	19,632	19,632

10 am 478.4, 11 am 478.4, 1 pm 478.4.

2 pm 478.5, 3 pm 477.1.

* Based on SEB current corporation tax. ** N.H.L.

** Basis 12/31/76. SEB Activity July-Dec. 1976.

** Minus 12/31/76. SEB Activity July-Dec. 1976.

HARRISONS MALAYSIAN ESTATES

Closed 4 better at 116p in sym-

pathy with a rise of 13 to 525p

in bidders Harrison and Cross-

field; the latter now has accept-

ances which, together with its

existing holding, gives it 30.76

per cent of HME.

Demand for Westfield

Westfield Minerals and North-
ern Exploration from the Irish
Coalition section were the
features of otherwise listless

mining markets.

Demand in Canada overnight
for Westfield, based on uranium
at the Johan Beetz prospect in
Quebec, was followed through
in London during the morning.

Agressive buying from Ireland
caused a sharp jump in the price
closed at 150p for an advance
of 12p, to 152p. Nortigate, West-

field's joint venture, rose 40 in

sympathy to close at 45p.

Elsewhere, South African Golds
set the tone in the rest of the

mining section. Trading was
inhibited by concern about the
meaning of the Bonn Summit for

the bullion price. In dollar terms

prices tended a few cents lower,

but the rise in the investment

dollar premium left London

prices mixed.

The Gold Mines Index was 0.7
higher at 161.3. Price changes
stayed within a narrow range,
with West Dries 4 easier at 220p
and Randfontein 1, easier at 220p.

East African Minerals' 210p
closed 10p lower at 200p.

Investment Trusts attracted a
modest demand from the

overnight Sydney market. Among
overnments, Pancontinental fell 1 to

1.31.

Rhodesians, Coppers and Tins
were generally untested, but Saint
Petersburg stood out. Trading

was thin, inhibited by concern about

the meaning of the Bonn Summit for

the bullion price. In dollar terms

prices tended a few cents lower,

but the rise in the investment

dollar premium left London

prices mixed.

The search for diamonds in
Australia meanwhile continued

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

High	Low	Stock	Price	Div	Yield	Red.	Gross	Yield
"Shorts" (Lives up to Five Years)								
99	98	Exch. Acc. 76-78	99.0	0.37				
100	101	Treasury 11-13	101.0					
97	94	Treasury 14-16	102.0					
104	103	Treasury 17-19	104.0					
104	103	Treasury 19-21	100.0					
103	96	Treasury 22-24	100.0					
102	97	Treasury 25-27	102.0					
102	97	Treasury 28-30	102.0					
101	95	Treasury 31-33	101.0					
101	95	Treasury 34-36	101.0					
101	95	Treasury 37-39	101.0					
101	95	Treasury 40-42	101.0					
101	95	Treasury 43-45	101.0					
101	95	Treasury 46-48	101.0					
101	95	Treasury 49-51	101.0					
101	95	Treasury 52-54	101.0					
101	95	Treasury 55-57	101.0					
101	95	Treasury 58-60	101.0					
101	95	Treasury 61-63	101.0					
101	95	Treasury 64-66	101.0					
101	95	Treasury 67-69	101.0					
101	95	Treasury 70-72	101.0					
101	95	Treasury 73-75	101.0					
101	95	Treasury 76-78	101.0					
101	95	Treasury 79-81	101.0					
101	95	Treasury 82-84	101.0					
101	95	Treasury 85-87	101.0					
101	95	Treasury 88-90	101.0					
101	95	Treasury 91-93	101.0					
101	95	Treasury 94-96	101.0					
101	95	Treasury 97-99	101.0					
101	95	Treasury 100-102	101.0					
101	95	Treasury 103-105	101.0					
101	95	Treasury 106-108	101.0					
101	95	Treasury 109-111	101.0					
101	95	Treasury 112-114	101.0					
101	95	Treasury 115-117	101.0					
101	95	Treasury 118-120	101.0					
101	95	Treasury 121-123	101.0					
101	95	Treasury 124-126	101.0					
101	95	Treasury 127-129	101.0					
101	95	Treasury 130-132	101.0					
101	95	Treasury 133-135	101.0					
101	95	Treasury 136-138	101.0					
101	95	Treasury 139-141	101.0					
101	95	Treasury 142-144	101.0					
101	95	Treasury 145-147	101.0					
101	95	Treasury 148-150	101.0					
101	95	Treasury 151-153	101.0					
101	95	Treasury 154-156	101.0					
101	95	Treasury 157-159	101.0					
101	95	Treasury 160-162	101.0					
101	95	Treasury 163-165	101.0					
101	95	Treasury 166-168	101.0					
101	95	Treasury 169-171	101.0					
101	95	Treasury 172-174	101.0					
101	95	Treasury 175-177	101.0					
101	95	Treasury 178-180	101.0					
101	95	Treasury 181-183	101.0					
101	95	Treasury 184-186	101.0					
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101	95	Treasury 193-195	101.0					
101	95	Treasury 196-198	101.0					
101	95	Treasury 199-201	101.0					
101	95	Treasury 202-204	101.0					
101	95	Treasury 205-207	101.0					
101	95	Treasury 208-210	101.0					
101	95	Treasury 211-213	101.0					
101	95	Treasury 214-216	101.0					
101	95	Treasury 217-219	101.0					
101	95	Treasury 220-222	101.0					
101	95	Treasury 223-225	101.0					
101	95	Treasury 226-228	101.0					
101	95	Treasury 229-231	101.0					
101	95	Treasury 232-234	101.0					
101	95	Treasury 235-237	101.0					
101	95	Treasury 238-240	101.0					
101	95	Treasury 241-243	101.0					
101	95	Treasury 244-246	101.0					
101	95	Treasury 247-249	101.0					
101	95	Treasury 250-252	101.0					
101	95	Treasury 253-255	101.0					
101	95	Treasury 256-258	101.0					
101	95	Treasury 259-261	101.0					
101	95	Treasury 262-264	101.0					
101	95	Treasury 265-267	101.0					
101	95	Treasury 268-270	101.0					
101	95	Treasury 271-273	101.0					
101	95	Treasury 274-276	101.0					
101	95	Treasury 277-279	101.0					
101	95	Treasury 280-282	101.0					
101	95	Treasury 283-285	101.0					
101	95	Treasury 286-288	101.0					
101	95	Treasury 289-291	101.0					
101	95	Treasury 292-294	101.0					
101	95	Treasury 295-297	101.0					
101	95	Treasury 298-300	101.0					
101	95	Treasury 301-303	101.0					
101	95	Treasury 304-306	101.0					
101	95	Treasury 307-309	101.0					
101	95	Treasury 310-312	101.0					
101	95	Treasury 313-315	101.0					
101	95	Treasury 316-318	101.0					
101	95	Treasury 319-321	101.0					
101	95	Treasury 322-324	101.0					
101	95	Treasury 325-327	101.0					
101	95	Treasury 328-330	101.0					
101	95	Treasury 331-333	101.0					
101	95	Treasury 334-336	101.0					
101	95	Treasury 337-339	101.0					
101	95	Treasury 340-342	101.0					
101	95							

INDUSTRIALS—Continued

INSURANCE

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

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Stock	No.	Pr.	St.	Div.	Cv.	Grs.	P.E.	High	Low	Stock	No.	Pr.	St.	Div.	Cv.	Grs.	P.E.	High	Low	Stock	No.	Pr.	St.	Div.	Cv.	Grs.	P.E.	High	Low				
Newton Spac.	11	1.00	21	9.1	11.1	58	97	120	97	Brewing C. & T.	105	2.95	53	6.8	52	25	106	1.0	0.9	103	14	122	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Newport Cig.	12	1.00	21	9.1	11.1	58	97	120	97	Brentford Bld.	106	2.95	53	6.8	52	25	106	1.0	0.9	103	14	122	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Newsweek Corp.	13	1.00	21	9.1	11.1	58	97	120	97	Britannia Sp.	106	2.95	53	6.8	52	25	106	1.0	0.9	103	14	122	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextar	14	1.00	21	9.1	11.1	58	97	120	97	Continental Am.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	15	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	16	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	17	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	18	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	19	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	20	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	21	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	22	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	23	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	24	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	25	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	26	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	27	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	28	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	29	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	30	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	31	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	32	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	33	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	34	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	35	1.00	21	9.1	11.1	58	97	120	97	Coastal Corp.	107	2.95	53	6.8	52	25	107	1.0	0.9	104	14	123	1.15	1.1	5.7	502	24	20	17	1.64	4.3	9.2	3.9
Nextel Corp.	36	1.00	21	9.1	11.1	58	97	120																									



FINANCIAL TIMES

Tuesday July 18 1978

Top quality
ventilation
Vent-Axia
the fug fighter

Flights ban penalty for aiding hijackers

FINANCIAL TIMES REPORTERS

BONN, July 17.

COUNTRIES which refuse to extradite or prosecute terrorists, or refuse to return hostages and aircraft, face a total ban on air traffic from many airports around the world as possible.

This was agreed here tonight by leaders of the countries—the U.S., France, West Germany, the UK, Finland, Italy and Japan—is a by-product of their two days of talks on international economic problems.

The terrorism question, which had been scheduled to be a part of the summit's agenda, was raised by Mr. Takeo Fukuda, Japanese Prime Minister, and was immediately taken up by Mr. Pierre Trudeau of Canada.

According to one source at the discussion of the issue, "All the rest then jumped onto the hard-wagon."

In addition to blocking flights to an offending nation and flights from it to airports in the seven States, the agreement had "been

undertaken to try to block all indirect contacts and to seek to have the offending country's national airline barred in as many airports around the world as possible.

Chancellor Helmut Schmidt of West Germany said on television late tonight that there had been some anger among the assembled leaders at the lack of practical progress towards co-operation on anti-terrorist measures, in spite of the many occasions on which it had been referred to at past international gatherings.

The German Chancellor also indicated that the new anti-terrorist agreement is an open-ended one and said he expected additional governments to associate themselves with it.

Sources close to the U.S. President, asked why the agreement had not referred by name to countries known to have harboured air pirates such as Libya and Algeria, replied that the declaration had "been

focused on a problem, not on individual cases."

The agreement on terrorism follows many vaguely worded statements of good intentions at past international gatherings. Only in recent months have these been followed up by closer practical co-operation—for example, between France and West Germany and between West Germany and Italy.

In reaching their agreement,

the seven leaders were doubtless heavily influenced by the plague of terrorist incidents during the 12 months since they met in London—a period that has seen the kidnapping and murder of Sir Aldo Moro in Italy, Dr. Hans Martin Schleyer in Germany as well as hijackings and terrorist atrocities in other countries.

Should any of the participants in the Bonn meetings have arrived without the terrorist theme on his mind, the massive security screen provided by the West German police must have been a grim reminder.

U.S. thinks again about Bremen scheme

FINANCIAL TIMES REPORTERS

BONN, July 17.

THE CARTER Administration is to endorse the EEC programme having serious second thoughts before the details had been worked out. He said the Administration would want to know about the merits of the EEC's Bremen currency scheme. These have stopped the U.S. from making a public endorsement at the world economic summit meeting here.

During the talks, President Carter questioned his European counterparts closely on the way in which the plan would work, and particularly on its likely effects on the value of the dollar. The main American reservations are that the plan could artificially hold down the stronger European currencies against the dollar and that excessively inflationary policies might have to be adopted by the weaker European participants.

President Carter understood to have secured an EEC understanding to keep Washington fully informed as studies on the plan progress. Mr. Michael Blumenthal, the U.S. Treasury Secretary, said that President Carter could not be expected to be expected to be present at the participating countries could be reconciled successfully.

A somewhat wary attitude towards the Bremen scheme has also been taken by Japanese Mr. Takeo Fukuda. The Japanese Prime Minister, questioned his colleagues closely on whether the plan would be backed by sufficient resources to withstand exchange market strains, and whether the balance of payments and inflation differentials between the participating countries

Japan fears that, if the scheme is effective, it could renew pressure on the yen by preventing speculative movements from dollars into the stronger Euro-

monies. The French Economics Minister, emphasised at last night's dinner President Giscard d'Estaing's personal commitment to the idea.

While Chancellor Helmut Schmidt appeared to be moving forward behind the scheme up to the Bremen EEC summit 10 days ago, President Giscard has made the running here. He argues that the Franco-German plan should be put into effect as soon as possible, even if all members are not ready to take part.

Mr. Schmidt on the other hand apparently attaches more importance to bringing in all the Nine from the start. He has also taken greater pains to reassure American sensibilities.

Continued from Page 1

Bonn summit pledges

JAPAN: Mr. Fukuda has reiterated promises to increase urgently imports of enriched uranium, civil aircraft and crude oil. There were unconfirmed reports here tonight that at least some of the oil might come from Alaskan production.

He also pledged "unusual measures" to ensure that export volume in the current fiscal year was kept at the 1977 level, but warned that this would only be possible if other industrialised countries reduced their rates of inflation.

He reaffirmed his commitment to a decent economic growth rate this year mainly through the expansion of domestic demand. He would decide in August or September whether additional measures were needed to attain this aim.

FRANCE: President Giscard d'Estaing agreed to increase the budget deficit this year by the equivalent of 0.5 per cent. of gross national product, while pursuing anti-inflationary policies.

ITALY: Sig. Giulio Andreotti undertook to raise growth rate next year by 1.5 percentage points over this year. This would

be done by cutting public current expenditure while stimulating fuel supplies, the U.S. and Canada expressed their intention to continue as reliable suppliers of fuel within the framework of effective safeguards.

BRITAIN: Mr. Callaghan merely pledged to continue the fight against inflation while referring to the fiscal stimulus supplied already under the spring Budget. This amounts to more than 1 per cent of gross national product.

In an effort to drive home the seriousness of their pledges, the leaders have agreed that a monitoring mechanism should be set up to review progress made in implementing them.

The first formal review will take place towards the end of this year and a further summit is due to be held some time next summer, probably in Tokyo.

However, plans for a similar monitoring system were agreed at the London summit in May of last year, and the review the following November merely took note of the seven countries' failure to carry out undertakings to achieve specific growth targets.

ITALY: Sig. Giulio Andreotti

undertook to raise growth rate next year by 1.5 percentage

points over this year. This would

be done by cutting security of nuclear

power of yen.

Continued from Page 1

State pay

leave them nothing for introducing flexibility.

Private sector industrialists do not agree with this view. Some fear that by specifying the amount to be used to introduce flexibility into pay structures, the Government would be increasing the rigidity of negotiations.

They would rather have both amounts added together to make a single figure which individual companies could then split.

The confederation, therefore,

is unlikely to back the nationalised industry chairman since its main concern is that the new policy should be as flexible as possible.

On pay sanctions, the confederation will be starting detailed negotiations on precise wording if, as seems likely, the Government intends to continue with the present system. However, it is not clear whether the Government intends to spell out in its White Paper precisely how the sanctions system works or whether it will leave the issue vague.

Retail sales nearing peak 1973-4 levels

BY DAVID FREUD

RETAIL SALES continued to advance last month and are now approaching the peak levels of 1973 and 1974.

It is also beginning to look as if the worst fears of some forecasters—that any in-rease in spending would suck in imports of finished consumer goods—are exaggerated.

The increase in retail sales over the first half of the year is paralleled by a similar gain in industrial output, while imports of finished goods have risen much more than imports by

industry direct of capital goods, semi-manufactured and raw materials.

The index of the volume of retail sales for June rose 0.6 per cent to 109 (1970=100, seasonally adjusted), according to provisional estimates by the Department of Trade.

The underlying trend on a 3 and 3.5 per cent above the average for 1977 as a whole.

Retailers are confident that this means the 1978 total will achieve the rise of 5 per cent over 1977 they have been predicting. This will raise the index close to the peak level of 1973, when the average index for the year was 113.

The retail sales index is

likely to rise again in July due to the tax rebates stemming from the introduction of the new 25 per cent tax rate. The rebates are expected to inject about £450m into the economy.

Another boost to sales should

come in November when about £300m will be paid in tax rebates

arising from the main Tory Finance Bill amendments which cut the standard rate and raised the threshold for the higher rates.

The reaction of the foreign exchange market to yesterday's summit communiqué will be crucial for the stock market: any show of strength by the dollar, in particular, would be unlikely to go down very well with gilt-edged. Much more important yesterday was the purely domestic move to ease the current money market squeeze by delaying the special deposit recall until September.

So equities extended their recent rise nearly 5 points further, while in gilt-edged the long tap may be within 1 or 2 of the Government broker's next price.

The question now is whether sterling holds up well enough to encourage the authorities to order the long encamped Duke of York down the hill a bit by easing MLR, in the hope of

recovering the higher sterling cost of its Japanese hi-fi imports and Australias where the colour TV going is even rougher than

modest. It looks as though

group hopes to finance a large part—perhaps half—of

purchase through loan capital

and existing resources should cope with most of the rest.

All this adds up to relatively

modest, it is unlikely that SC will

be able to maintain its

equity market—alone into a closer relations with Midland Bank—there is time for some of

solution to turn up. It must

be remembered that the deal

unlikely to be completed by

the beginning of next year

while the Californian operation

will not be consolidated before

the end of 1979.

Although both companies have roughly the same net worth of around \$80m, CSWW is at present the more profitable of the two. In its last financial year its net income of approximately \$15m compares with First Boston's \$2.3m in 1977 (and a first quarter loss of \$655,000 in 1978).

Standard Chartered

Standard Chartered's balance sheet will be examined especially carefully in the light of the plan to spend \$32m.

Union Bancorp. It emerges that SC's free equity ratio was

more than maintained last year at 2.4 per cent but the over

capital ratio was boosted from 2.5 to 3.3 per cent

deposits thanks to two issuer

subordinated currency debt

With gearing still relatively

modest, it looks as though

group hopes to finance a large

part—perhaps half—of

purchase through loan capital

and existing resources should

cope with most of the rest.

It is unlikely that SC will

be able to maintain its

equity market—alone into a closer relations with Midland Bank—there is time for some of

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be remembered that the deal

unlikely to be completed by

the beginning of next year

while the Californian operation

will not be consolidated before

the end of 1979.

Montague L. Meyer

The news that First Boston and Credit Suisse White Weld are planning to take a stake of around one third in each other's organisations makes a lot of sense. While First Boston probably ranks on a par with Goldman Sachs and Morgan Stanley in the U.S. market, its international operations (which account for some 15 per cent of its revenues) have not been particularly successful to date.

Meanwhile, non-Xerox profits are up from £612,000 to £3.9m pre-tax. About half the improvement stems from lower finance costs following a fall in

interest rates.

By contrast CSWW has established itself in less than eight years as one of the leading

houses in the Euromarkets. It

is one of the top lead managers of Eurobond issues. However, the loss of its link with White Weld, following the latter's

acquisition by Merrill Lynch earlier this year, has put it at a disadvantage in the U.S. market. Consequently, the two firms seem to complement each other and for First Boston there is the added bonus that it might

get an injection of over \$30m

levels.

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